



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101  
<http://cao.co.la.ca.us>

DAVID E. JANSSEN  
Chief Administrative Officer

April 3, 2007

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**APPROVE MAINTENANCE AND OPERATIONS AGREEMENT  
AND LICENSE AGREEMENT FOR THE  
PLAZA DE CULTURA Y ARTES PROJECT  
(FIRST DISTRICT) (3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve the Maintenance and Operations Agreement (Agreement) with the La Plaza de Cultura y Artes Foundation (Foundation), a non-profit group responsible for overseeing the construction of the Plaza de Cultura y Artes Project (Plaza Project) in substantially the form of Attachment A, after approval as to form by County Counsel.
2. Approve the use of approximately 500 square feet of office space for the Foundation in a County-leased facility currently occupied by the Arts Commission located at 1055 Wilshire Boulevard, Los Angeles, so it can be in close proximity of the Plaza Project.
3. Find that in accordance with Section 26227 of the Government Code, the use of the office space by the Foundation serves a public purpose and authorize the Chief Administrative Officer to negotiate and execute a gratis two-year license agreement for use of the office space and parking contingent upon the Foundation's acceptance of the premises in the current "as is" condition, and the Foundation's assumption of complete financial and legal responsibility to build-out and operate the space.

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

As required by your Board's 2004 lease of property for the Plaza Project, approval of the recommended actions will detail the responsibilities of the County and Foundation for the maintenance and operation of the Plaza Project.

In September 2004, your Board certified the EIR, executed a Lease Agreement with the Foundation, and approved the Plaza Project. The Plaza Project consists of rehabilitation and adaptive reuse of the Plaza House and the Vickrey-Brunswick Building; the demolition of the Brunswick Annex; the construction of a new facility to house a multi-purpose room and kitchen, a media arts center, theater arts and dance classrooms, and a 500-seat Performing Arts Theater; An outdoor classroom between the Campo Santos Memorial Garden and the Plaza House; and the creation of a pedestrian friendly environmental through paseos and walkways.

Pursuant to the Lease Agreement, the Foundation appointed the County's Chief Administrative Officer as its project manager with the sole responsibility and authority for completing the shell and core work of the rehabilitation and adaptive reuse of the Plaza House and the Vickrey-Brunswick Building. The Foundation retains the responsibility for the final tenant improvements in the Plaza House and the Vickrey-Brunswick Building as well as all aspects of the new construction for the Plaza Project.

In December 2006, the Foundation executed the construction agreement for the shell and core work. In anticipation of the project completion scheduled for April 2008, the attached Agreement details the maintenance and operations responsibilities of each entity. The Agreement is similar to the maintenance and operations agreement with the Performing Arts Center of Los Angeles County at the Music Center.

The Agreement generally provides for the Foundation to perform the County's obligations to maintain and repair the facilities at the County's expense and without cost to the Foundation, subject to the approval of an annual County budget appropriation. County will pay to the Foundation: the cost of any services under this Agreement performed by Foundation employees upon presentation of invoices; the cost of third parties contracts to perform the County's obligations, either directly or through the Foundation annually; and all utility bills for the Project directly to the provider of such utility services.

The Foundation, at its sole cost and expense shall fund the day-to-day management and supervision of all the permitted uses, including but not limited to, the cultural, educational, performing arts, exhibits, presentations, services and activities which are the primary mission of the Foundation and related supporting services and activities.

Further, the Agreement outlines the County's oversight and approvals generally and as it relates to any concession, other subcontracts or subleases, prices, and rules and regulations governing the day-to-day operations and maintenance of the Project. The Agreement delegates to the CAO many of the approvals of third party arrangements for the day to day provision of services and reserves to the Board of Supervisors any approval of other transfers of the Foundation's interests in the leased property.

The Lease Agreement, EIR and state law allow the Foundation to use or sublease the Plaza Project for permitted uses such as a cultural, educational, exhibition gallery, and office space for nonprofit organizations, or governmental functions, such as office space for the County or other agencies.

In March 6, 2007, your Board approved a five-year lease agreement for 7,873 rentable square feet of office space, along with up to 23 parking spaces for the Arts Commission at 1055 Wilshire Boulevard. The Arts Commission has sufficient space to accommodate the space use in the leased premises and concurs with the proposed co-location of the Foundation staff. The Foundation will be responsible for the cost of their furniture, tenant improvements, phones and parking. By being housed in the 1055 Wilshire Boulevard building, the Foundation's staff can be in close proximity to the Plaza Project, and better coordinate its development and design of the tenant improvements, with the construction by the County of the Plaza House and the Vickrey-Brunswick Building's shell and core.

### **Implementation of Strategic Plan Goals**

The recommended actions will support the County's Strategic Plan Goal of Fiscal Responsibility by supporting activities related to the investment in public infrastructure.

### **FISCAL IMPACT/FINANCING**

In 2004, the total Shell and Core rehabilitation costs for the Plaza House and Vickrey-Brunswick Building were estimated at \$16.5 million. In addition, my office advised that based on current rise in construction costs being experienced on a nationwide basis, the 2004 cost estimates were expected to increase to \$19.8 million.

A responsive and responsible hard construction bid was received for the Shell and Core scope of work totaling \$20.8 million with the revised total project estimated cost of \$24.4 million. Sufficient appropriation is available in the 2006-07 Capital Projects Budget and 2007-08 Proposed Capital Projects Budget, to pay for project expenditures.

The Foundation is currently designing the tenant improvements appropriate for planned adaptive reuse programs in the historic structures.

### **Operating Budget Impact**

The Agreement calls for the County to fund its obligation as part of the County Budget. The 2007-08 Proposed Budget will include \$200,000 for one-time start-up and initial operating costs in accordance with the projected April 2008 rehabilitation project completion date.

The ongoing County obligation cannot be determined at this time as it is dependent on the program which the Foundation will ultimately implement. As part of the County Budget process, the Foundation will submit an annual request which will be reviewed and recommended to the Board by the Chief Administrative Office as appropriate.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The Lease approved in 2004 with the Foundation, as well as the license, is authorized by Government Code Section 26227 which permits the County to lease its property to a nonprofit corporation in the furtherance of programs meeting the social needs of the County. The recommended Agreement satisfies the requirement of the Lease to return to your Board before the completion of the historic rehabilitation with maintenance and operating agreement detailing the respective obligations of the parties for those services.

In the Arts Commission Lease, approved on March 6, 2007, your Board found that the project would have no significant effect on the environment, approved the Negative Declaration and found that the project would have no adverse effect on wildlife resources. This space use by the Foundation is consistent with those CEQA findings.

### **CONTRACTING PROCESS**

Not applicable.

### **IMPACT ON CURRENT SERVICES**

Not applicable.

### **ENVIRONMENTAL IMPACT REPORT**

On September 14, 2004, your Board certified an Environmental Impact Report for the Plaza Project. The contractor and the environmental consultant have noted that Mitigation Measure – Cultural No. 2 states that prior to the initiation of any project-related demolition or construction work on an historic building, the County shall ensure the preparation of Historic American Buildings Survey (HABS) documentation for all the historic structures within the proposed project site. HABS documentation for the

The Honorable Board of Supervisors  
April 3, 2007  
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Brunswick Annex is currently in preparation and scheduled for completion prior to the initiation of demolition activities. The HABS documentation for the Vickrey-Brunswick Building and Plaza House has been initiated and will be completed prior to building occupancy. Completion of the HABS documentation requires photographs of the building exteriors. In anticipation of weather conditions, two of the three historic buildings exteriors are protected from further deterioration. Since the building exteriors are currently protected, the final buildings exterior photographs will be taken upon project completion.

**CONCLUSION**

It is requested that the Executive Officer-Clerk of the Board return 4 conformed copies of the Board's action to the Capital Projects Division of the Chief Administrative Office.

Respectfully submitted,



DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:JSE  
DKM:mdc

Attachment

c: Executive Officer, Board of Supervisors  
County Counsel  
La Plaza de Cultura y Artes Foundation

## MAINTENANCE AND OPERATION AGREEMENT

This Maintenance and Operation Agreement ("M&O Agreement"), dated as of ~~April~~ <sup>FEB.</sup> ~~09, 2007~~ <sup>2009</sup>, is made and entered into by the County of Los Angeles, by and through its Chief Administrative Officer ("County"), and La Plaza de Cultura y Artes Foundation ("Foundation"), a California non-profit corporation ("Foundation"), and collectively the "Parties", concerning the operation and maintenance of Plaza de Cultura y Arte ("Project").

### RECITALS

WHEREAS, County owns certain real property ("the Site"), more particularly described in Exhibit 1 to the Lease Agreement as defined, attached hereto and incorporated herein by this reference, located in the El Pueblo de Los Angeles Historic District within the City of Los Angeles as well as certain real property to the west and adjacent to the Site ("the Larger Parcel"), more particularly described in Exhibit 2 to the Lease Agreement as defined, attached hereto and incorporated herein by this reference as Attachment A.

WHEREAS, County acted on September 14, 2004 to certify a Final Environmental Impact Report and take related actions to authorize the construction and operation of a cultural, educational, museum and performing arts center to be known as Plaza de Cultura y Arte;

WHEREAS, in furtherance of the Project and Government Code Section 26227, County leased the Site and its existing improvements to the Foundation for the Project as set out in the La Plaza de Cultura Y Artes Lease Agreement dated November 4, 2004("the Lease Agreement"), attached hereto and incorporated herein by this reference ;

WHEREAS, County intends to lease to Foundation at the Foundation's option some or all of the Larger Parcel and any improvements thereon at such time as Foundation desires to extend its management and operations to the Larger Parcel, all pursuant to the Lease Agreement;

WHEREAS, pursuant to California Government Code Section 26227, the County may contract with private agencies to operate programs to meet the social needs of the County which the Board of Supervisors determines will serve public purposes;

WHEREAS, pursuant to California Government Code Section 26227 the County may lease its real property to a nonprofit corporation in the furtherance of programs which meet the social needs of the County upon the terms and conditions determined by the Board of Supervisors to be in the best interest of the County and the general public.

WHEREAS, Foundation is a nonprofit corporation uniquely qualified to manage the construction and operation of the Project;

WHEREAS, the Lease Agreement provides, for a division of maintenance and operations responsibilities between County and Foundation, and provides in Section 8.3 that a Maintenance and Operation Agreement shall be executed by County and Foundation prior to the completion of the Historic Rehabilitation to set forth the respective obligations in detail.

NOW, THEREFORE, in consideration of the performance of the mutual promises herein contained at the time and in the manner specified, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

Section 1. Definitions. Unless otherwise provided herein, capitalized terms defined in the Lease Agreement and used herein shall have the same meaning as in the Lease Agreement.

Section 2. Operation and Maintenance of the Project.

(a) Appointment of Agent. County hereby appoints Foundation as County's agent to operate and maintain the Project, and Foundation hereby accepts such appointment and agrees to operate and maintain the Project for the use, benefit and enjoyment of the public. Throughout the term of this M & O Agreement, subject to the terms and conditions hereof, Foundation shall perform the functions of daily operation, maintenance and repair of the Project.

(b) Project Components. For the purposes of this M & O Agreement, the term "Project" shall include, without limitation, any and all buildings, structures and other improvements which exist now or which in the future may be erected on or affixed to the Site and which are related to the cultural, educational, museum, and performing arts center to be known as Plaza de Cultura y Arte, including without limitation the following components thereof: (i) all landscaping and pedestrian plazas which are located upon the Site; (ii) all fixtures, appliances, machinery, operating equipment and apparatus which are at any time affixed or attached to the Project or Site, but expressly excluding all of Foundation's Equipment; and (iii) all components of the plumbing, sound, lighting, refrigeration, cleaning, security, electrical, heating, ventilating and air conditioning systems of the Project.

Section 3. Foundation Responsibilities. Foundation shall employ an on-site manager for its operations on the Premises and provide personnel and services appropriate to enable Foundation or its Permitted Licensees, Permittees, Concessionaires, Tenants, and others performing services on the Premises pursuant to agreements with the Foundation to provide the programming, services and performance space and facilities required to carry out the mission of the Foundation. Although Foundation is required to employ such an on-site manager and other appropriate personnel once improvements are open to the public, the selection and hiring of such personnel to carry out its mission shall be in

Foundation's sole discretion. Foundation may use County equipment in performing such services but only with qualified personnel (with licenses and/or certifications as needed) and at its own risk. .

Without limiting the foregoing, and pursuant to Section 8.2 of the Lease Agreement, Foundation shall provide the following services at its sole cost and expense, for the day-to-day management and supervision of all the Permitted Uses to which the Project may be put, including , without limitation the cultural, educational, and performing arts exhibits, presentations, services and activities which are the primary mission of La Plaza de Cultura y Artes, and related supporting services and activities , the costs of an on-site manager and personnel as described in this Section 3, and , as provided in the Lease Agreement, the Foundation shall pay or cause to be paid all charges for telephone, television, or other communication services used, rendered, supplied to , upon or in connection with the Project. For telephone and television , or communication services, or anythingelse not furnished by the County, all deposits, installation costs , meter deposits and service charges shall be paid by the party serviced.

As provided in the Lease Agreement, the County will pay or cause to be paid when due all service charges for gas, water, sewer, electricity, heat, power and all other utilities or services used, rendered or supplied to, upon or in connection with the Project, except not telephone, television, or other communication services.,

As an agent for the County and pursuant to Section 4, Foundation shall keep and maintain the Premises in good repair and working order, and make repairs and replacements (which are not Capital Expenditures) to, and perform maintenance upon the Premises, as needed and to the extent the Premises are not under active construction, which includes, but is not limited to the provision of all custodial, security, routine maintenance, extraordinary maintenance and landscape maintenance, including but not limited to (i); cleaning and janitorial services for any café, food preparation and eating areas; (ii) cleaning and janitorial services for any theater or performance space during and immediately following an event or rehearsal; (iii) maintenance of the interiors (including cleaning and janitorial services) of any café, food preparation and eating areas, any retail space, museum space or office space in good condition and repair, reasonable wear and tear excepted; (iv) repair and replacements to the Premises (but not Capital Expenditures).

Section 4. County Duties to be Performed by Foundation/County Payment.

Foundation shall perform County's obligations to maintain and repair the Project at County's expense and without cost to Foundation (except as otherwise expressly agreed in writing between County and Foundation in connection with the approval of any County budget.) Foundation is authorized to enter into contracts providing for materials and services, employment contracts, concession agreements, or such other contracts, licenses and arrangements as are necessary to perform its obligations hereunder. Unless otherwise agreed, the Foundation's annual operating budget shall identify two programs: (1) operational items, including utilities, to be directly paid or reimbursed by the County to be identified as "Administration" and (2) operational items to be paid by the

Foundation to be identified as "Contractual Services". Unless otherwise agreed, the County shall advance the amount contemplated under the Contractual Services program to the Foundation on or before August 31, each fiscal year. Foundation will provide County with such documentation to support the payment of such costs for the previous fiscal year as County requests at the time the County considers Foundation's Budget Proposal for the immediately ensuing fiscal year.

Section 5. General Standards of Operation and Maintenance. During the term of this Agreement and subject to the County controls and other limitations set forth herein, Foundation shall comply with the following separate, distinct and cumulative standards in the operation and maintenance of the Project:

(a) Punctual Payment. Subject to County's payment obligations provided in Section 4, Foundation shall duly and punctually pay or cause to be paid all of the obligations it incurs in connection with the operation, maintenance and repair of the Project in strict conformity herewith.

(b) Discharge Claims; Impositions. Subject to County's payment obligations provided in Section 4, Foundation shall discharge or provide for the discharge of all claims which it has authorized or incurred for labor, materials and supplies furnished for or in connection with the Project. County will pay directly all Impositions for which County is responsible under this Agreement.

(c) Legal Requirements. Foundation shall operate and maintain the Project in compliance with all Legal Requirements applicable to the Project, and shall require all of its agents, employees, contractors, sublessees, licensees and concessionaires using or providing services to the Project to conform to and comply with such Legal Requirements.

(d) Non-Discrimination. Foundation shall comply with all non-discrimination covenants contained in the Lease Agreement in the performance of the operation and maintenance of the Project.

(e) Operation. Foundation shall operate and maintain the Project efficiently and economically, and County and Foundation shall cooperate to that end.

(f) Salaries. All salaries, fees, wages and compensation paid by Foundation in connection with the services to be provided at the Project pursuant to this M&O Agreement shall be reasonable and no more persons shall be employed than are necessary. A breakdown of the respective amounts of such salaries, wages and compensation will be included in each Budget Proposal submitted to County as provided in Section 10 below.

(g) Enforcement of Rules. Foundation shall enforce the rules and regulations which shall be established as provided in subsection 6(c) below, governing the maintenance and operation of the Project.

(h) Contest Rights. Foundation shall have the right to contest in good faith at its sole cost and expense any payment, claim or Legal Requirement described in subsections (a), (b) or (c) of this Section 5, provided that non-compliance with any Legal Requirement during the contest of the same shall not constitute a crime or offense punishable by fine or imprisonment. Foundation's good faith non-payment of any such claim or non-compliance with any such Legal Requirement during such contest shall not be deemed a breach of this M & O Agreement provided that Foundation shall indemnify County and defend and hold County harmless from and against all liability, costs, claims, damages, interest, penalties and expenses incurred by County in connection with such contest or non-compliance, and shall prosecute such contest in good faith and with due diligence to a final determination.

Section 6. County Controls. Foundation's performance of the operation, maintenance and repair of the Project shall be subject to the following separate, distinct and cumulative controls throughout the term of this M & O Agreement:

(a) Contracts, including Concessions, Approval. Consistent with the Lease Agreement provisions in Article 19, any contract for any concession at the Project, and any other contract to be executed by Foundation in connection with the Project with Persons who will perform services on behalf of Foundation or in furtherance of Foundation's management and operation of the Project, and having a term, or a term as amended, or a term with options totaling more than 3 years, shall be filed with County for its review and approval no fewer than 45 days prior to the date upon which such contract is intended to be executed. County shall make its best efforts to approve such contracts within 45 days of submittal. In the event that County fails to approve and objects to the proposed contract, Foundation shall not execute the contract unless Foundation revises the contract to satisfy County's objections and files the revised contract with County for review and approval as provided above. No such contract shall be valid unless approved by County as provided in this subsection.

(b) Prices. Foundation shall compile and maintain a schedule of maximum and minimum prices to be charged for services, including, without limitation, food service and refreshments (the "Price Schedule"), and not including admission to theatrical performances. Foundation shall file a proposed Price Schedule with County for its review and approval. County shall make its best efforts to approve such contracts within 45 days of submittal. In the event that County fails to approve and objects to the proposed Price Schedule, Foundation will revise the Price Schedule to satisfy County's objections and file the revised Price Schedule with County for review and approval as provided above. Any changes to the approved Price Schedule proposed by Foundation shall be subject to County review and approval in the manner provided in this subsection 6(b) for the original Price Schedule.

(c) Rules and Regulations. Foundation shall compile a schedule of reasonable rules and regulations governing the day-to-day operation and maintenance of the Project ("Schedule of Rules and Regulations"). Foundation shall file any proposed Schedule of

Rules and Regulations with County for its review and approval. County shall make its best efforts to approve such contracts within 45 days of submittal. In the event that County fails to approve and objects to the proposed Schedule of Rules and Regulations, Foundation will revise the Schedule of Rules and Regulations to satisfy County's objections and file the revised Schedule of Rules and Regulations with County for review and approval as provided above. Any changes to the approved Schedule of Rules and Regulations proposed by Foundation shall be subject to County review and approval in the manner provided in this subsection 6(c) for the original Schedule of Rules and Regulations.

d) Filing of Schedules: Changes to Schedules. Copies of all proposed contracts, Price Schedules, Schedules of Rules and Regulations and any other documents required to be filed with County pursuant to this Section 6 or any other provision of this Agreement shall be sent to the Executive Officer-Clerk of the County Board of Supervisors, together with notice of the action proposed to be taken by the Board of Supervisors in connection therewith. County may order changes in the Price Schedule or the Schedule of Rules and Regulations described in subparagraphs (b) and (c) of this Section 6 from time to time after good faith consultation with Foundation, but no such change shall affect any agreement entered into between Foundation and any third party prior to such change under the previously approved Price Schedule or Schedule of Rules and Regulations, as the case may be.

Section 7. Budget Process; Insufficient Funds:

(a) Budget Process: Unless otherwise instructed by County, Foundation will operate the Site on the basis of a July 1 to June 30 fiscal year. On or before February 1st of each year during the term of this M & O Agreement, the Foundation shall deliver to the County a written estimate of the amount of funds and services required during the ensuing fiscal year for Foundation to perform County's operation and maintenance and repair obligations with respect to the Site in accordance with this M & O Agreement and the Lease Agreement (a "Budget Proposal"). On or before March 31st of each year during the term of this Agreement, County shall advise Foundation in writing as to whether the Chief Administrative Officer of the County has recommended to the Board of Supervisors that such Budget Proposal shall be included in its entirety in the County budget for the ensuing fiscal year. On or before August 31 of each year during the term of this M & O Agreement, County shall advise Foundation in writing as to the amount of funds and services actually included in the County budget for such fiscal year for the operation, maintenance and repair of the Site. During any fiscal year, Foundation shall not expend any amount or incur any obligation in connection with the operation, maintenance or repair of the Site in excess of the total expenditures provided for in the budget adopted by the County without the express written approval of the County.

(b) Insufficient Funds: In the event that the County Board of Supervisors does not include Foundation's entire Budget Proposal in the County budget for any year during the term of this M & O Agreement, Foundation shall use its best efforts to perform County's maintenance and operations obligations for the Site in accordance with

the standards set out in this M & O Agreement using the amount of funds allocated in the County budget for the Site. If, despite its best efforts, Foundation is not able to meet the standards set forth in this M & O Agreement during any year because of insufficient funding by County, Foundation shall not be deemed to be in default of its obligation under this M & O Agreement to maintain the Site to such standards.

Section 8. Records and Accounts. Foundation shall keep proper books of records and accounts in which complete and correct entries shall be made of all transactions relating to the services to be provided here under by Foundation in connection with the Project. Said books of records and accounts shall be available at all reasonable times for inspection by County, and Foundation shall submit an audited financial statement concerning revenues and expenses generated by the Project to the County.

Section 9. Facilities Fee Fund. If there is a theater completed as a part of the Project, County shall impose a facility user's fee on tickets to be sold for performances at the theater, which fee shall not exceed ten percent (10%) of the price of each ticket. County shall from time to time determine the amount of such facility user's fee, and shall notify Foundation promptly after its determination thereof. Any change in the amount of the facility user's fee shall become effective as of the beginning of the following fiscal year for the Project. Foundation shall collect from its licensees all facility user's fees and hold the collected funds in trust for County (the "Facility Fee Fund"). Foundation shall use the Facility Fee Fund in accordance with County's written direction to cover the cost of performing certain of County's obligations under this Agreement, including without limitation the operation, maintenance and repair of, and/or making any required Capital Expenditures to the Project.

Section 10. Lease Transfers. Lease Transfers, as defined in the Lease Agreement, are governed by Article 19 of the Lease Agreement. As defined in the Lease Agreement, certain agreements are not Lease Transfers. Those agreements are governed by Section 19.3 of the Lease Agreement and Section 6(a) of this M& O Agreement

Section 11. Financial Interest. No officer, director or employee of Foundation shall have any financial interest, direct or indirect, in any contract made by Foundation with respect to the operation, maintenance or repair of the Project, unless otherwise approved in writing by County, in County's sole discretion.

Section 12. Term and Termination. The term of this Agreement shall commence on the date of its execution by the parties and shall expire, unless sooner terminated pursuant to this Section 12, upon the termination date of the Lease Agreement. In addition, County shall have the option of terminating this M & O Agreement at any time following the occurrence of any of the Events of Default, as defined in Article 21 of the Lease Agreement, upon no less than sixty (60) days prior written notice to Foundation and after the applicable cure period for an Event of Default by Foundation as defined in the Lease Agreement.

Further, the County shall have the option of terminating all or part of this M & O Agreement for Convenience, upon no less than thirty (30) days written prior notice to the Foundation, as to the tasks Foundation is performing as agent for the County so that the Foundation will not act as agent for the County as to the specific tasks terminated and shall no longer be paid for the performance of the terminated tasks. In the event of termination of Foundation responsibility to perform specific tasks for which the County is financially responsible, the County will reassume direct responsibility for accomplishing those tasks.

Notwithstanding any other provision herein, there is no County right to terminate for convenience the Foundation's right and responsibility under the Lease Agreement and the M& O Agreement to perform management and supervision of all program aspects of the Project.

Section 13. Notices - County Approval. Any notice, request, consent, or approval which either party hereto is required or permitted to give or cause to be given to the other shall be in writing and shall be delivered or addressed to such other party at the address set forth below or to such other address as that party may from time to time direct by notice given in the manner herein prescribed, and such notice, request, consent or approval shall be deemed to have been given or made when communicated by personal delivery or by independent courier service or by confirmed facsimile transmission, or if by mail then the earlier to occur of when actually received or on the third (3rd) business day after the deposit thereof in the United States Mail in Los Angeles County, California, postage prepaid, registered or certified, addressed as hereinafter provided. All notices, requests, consents and approvals shall be addressed as follows:

If to County: County of Los Angeles  
713 Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012  
Attention: Chief Administrative Officer  
Facsimile Number: (213) 687-7130

With a copy to: County of Los Angeles  
648 Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012  
Attention: County Counsel  
Facsimile Number: (213) 626-7337

If to Foundation: La Plaza de Cultura y Artes Foundation  
4800 East Cesar E. Chavez Avenue  
Los Angeles, CA 90022  
Attention: Executive Director  
Facsimile Number: [ to be supplied by Foundation]

With a copy to: Gilchrist and Rutter Professional Corp.  
1299 Ocean Avenue, Suite 900  
Santa Monica, California 90401  
Attention: Martin Burton, Esq.  
Facsimile Number: (310) 394-4700

Unless, in the sole discretion of the Chief Administrative Officer it is determined to request Board of Supervisors' approval of any proposed Foundation contracts, concessions, subleases, Price Schedules and Schedules of Rules and Regulations, as provided in Section 6 of this M&O Agreement, all approvals and consents required to be obtained from County pursuant to this M&O Agreement shall be given or withheld by the Chief Administrative Officer of the County of Los Angeles (or such other person as said Chief Administrative Officer may designate by written notice to Foundation) on behalf of County, and shall be deemed binding upon County.

Section 14. [Intentionally Omitted]

Section 15. [Intentionally Omitted]

Section 16. Insurance. Throughout the term of this Agreement, County shall keep in effect the insurance coverage required pursuant to the Lease Agreement. County will obtain such required insurance directly from, and will pay the premiums for such insurance directly to the insurance companies providing such insurance coverage.

Section 17. Casualty and Condemnation. Foundation shall be excused from its obligations under this M&O Agreement with respect to the maintenance and operation of any portions of the Project damaged by casualty or taken by condemnation or any similar proceeding, until any such portion of the Project is restored by County.

Section 18. Assignment: Modification. Foundation shall not assign this M & O Agreement in whole or in part without the prior written consent of County, which may be granted or withheld in County's sole and absolute discretion. All amendments and modifications to this M & O Agreement shall be in writing and executed by the parties hereto or their authorized representatives.

Section 19. Dispute Resolution. In the event that any dispute arises between Foundation and County in connection with their respective obligations hereunder, each party will designate two representatives knowledgeable in the area of the dispute, and such representatives will meet with each other from time to time over a reasonable period (but no less than 60 days) to attempt to negotiate a resolution to such dispute. Neither

County nor Foundation may take any action in connection with any dispute between them unless and until such representatives shall have met from time to time over a period of at least 60 days and shall have been unable to resolve such dispute. At such time, any unresolved dispute shall be considered a controversy which is not resolved by the parties and shall be referred to non-binding mediation as required in the Lease Agreement.

Section 20. Incorporation of Lease Agreement and Priority of Documents:  
The Lease Agreement between the Parties covers the agreement of the Parties in most respects and is incorporated by reference as if set out herein. In the event of conflict between the Lease Agreement and this M & O Agreement, the Lease Agreement provisions will apply.

IN WITNESS WHEREOF, the Foundation has executed this M & O Agreement, or caused it to be duly executed by its authorized representative(s) on the date indicated below, and the County, by order of its Board of Supervisors has caused this M & O Agreement to be executed on its behalf by the Chair of said Board and attested by the Executive- Officer –Clerk of the Board of Supervisors thereof effective the date of approval of the Board of Supervisors.

THE COUNTY OF LOS ANGELES

LA PLAZA DE CULTURA Y ARTES FOUNDATION

By *Don Krueh*  
Chair of the Board of Supervisors

By *[Signature]*  
Executive Director of the Foundation



ATTEST:

SACHI HAMAI  
Executive Officer  
Clerk of the Board of Supervisors

I hereby certify that pursuant to Section 25103 of the Government Code, delivery of this document has been made.

SACHI A. HAMAI  
Executive Officer  
Clerk of the Board of Supervisors

By *[Signature]*  
~~Chair of the Board of Supervisors~~  
Deputy  
FEB 09 2009

By *[Signature]*  
Deputy  
FEB 09 2009

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.  
County Counsel

By *Helen S. Parker*  
HELEN S. PARKER  
Principal Deputy County Counsel

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

18 APR 03 2007

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Attachment A: Lease Agreement by and Between the County of Los Angeles as Lessor and La Plaza De Cultura Y Artes Foundation as Lessee dated November 4, 2004 with Exhibit 1 , sometimes referred to as the "Site", and Exhibit 2 , sometimes referred to as the "Larger Parcel".

76936

**LEASE AGREEMENT**

**By and between**

**THE COUNTY OF LOS ANGELES,**

**as Lessor**

**and**

**LA PLAZA DE CULTURA Y ARTES FOUNDATION,**

**as Lessee**

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**LA PLAZA DE CULTURA Y ARTES  
LEASE AGREEMENT**

This Lease Agreement ("Lease"), dated as of Nov. 4, 2004, 2004, is made and entered into by and between the County of Los Angeles, a public body corporate and politic of the State of California ("County"), and La Plaza de Cultura y Artes Foundation, a California non-profit corporation ("Foundation").

**RECITALS**

WHEREAS the County owns certain real property located in the El Pueblo de Los Angeles Historic District within the City of Los Angeles (hereinafter sometimes referred to as "Site") which property is more particularly described in Exhibit 1 hereto;

WHEREAS the Site is currently improved with certain structures and surface parking lots and related appurtenances ("Existing Improvements");

WHEREAS the County desires to lease the Site and Existing Improvements to the Foundation to allow for the construction and operation of a cultural, educational, museum, and performing arts center to be known as La Plaza de Cultura y Artes ("the Project");

WHEREAS, pursuant to California Government Code section 26227, the County may contract with private agencies to operate programs to meet the social needs of the County which the Board of Supervisors determines will serve public purposes;

WHEREAS, pursuant to California Government Code section 26227, the County may lease its real property to a nonprofit corporation in the furtherance of programs which meet the social needs of the County upon such terms and conditions determined by the Board of Supervisors to be in the best interests of the County and the general public, including assisting in the financing of the improvement of the County's real property to be used by the nonprofit corporation for a public purpose;

WHEREAS the Foundation is uniquely qualified to manage the construction and operation of the Project;

WHEREAS the County owns certain real property immediately to the west of and adjacent to the Site ("Larger Parcel") which is more particularly described in Exhibit 2 hereto; and

WHEREAS the County intends to lease to Foundation at the Foundation's option some or all of the Larger Parcel and any improvements thereon ("Larger Parcel Improvements") at such time as Foundation desires to extend its management and operations to the Larger Parcel.

**ARTICLE 1**  
**CERTAIN DEFINITIONS**

For the purposes of this Lease, the following words and terms shall have the meanings indicated.

Alteration: see Article 12

Alteration Plans: all of the drawings, plans, specifications and other documents prepared in connection with (a) the schematic phase, (b) the design development phase, and/or (c) the working drawing phase, as the context may require, of the planning process for the construction of any Alteration, as the same may be modified from time to time with the approval of County.

Approved Drawings: see Section 6.1.1

Available Funds: see Section 6.2.1

Business Day: any day which is not a Saturday, Sunday or legal holiday on which offices of the County of Los Angeles are closed for business.

Capital Expenditures: All expenditures for New Improvements and/or replacements or refurbishment of Existing Improvements, not including the Shell and Core Work of the Historic Rehabilitation, costing in excess of \$100,000 including replacement and/or installation of equipment affixed to the Premises and major maintenance projects consisting of rehabilitation, refurbishment or replacement activities that are performed at irregular intervals or at regular intervals of more than one year.

Certificate of Completion: see Section 6.13

Certificate of Occupancy: a final or temporary certificate of occupancy for any New Improvements in the form customarily issued by the County of Los Angeles, in its governmental capacity.

Completion Date: the date on which County delivers a Certificate of Completion in connection with the construction of any New Improvements, pursuant to Section 6.13 below.

Construction Authorization Agreement: An agreement between the County and the Foundation that authorizes the construction of New Improvements and specifies rights and obligations concerning insurance, bonding, schedule, budget and other terms related to the authorized construction services.

Construction Commencement: the actual commencement of physical construction for any New Improvements on the Site by Foundation after the satisfaction or written waiver of all of the Construction Commencement Conditions.

Construction Period: the period beginning on the date of Construction Commencement for any

New Improvement and ending on the Completion Date.

Construction Requirements: the procedures, restrictions and requirements for construction of any and all New Improvements on the Site, including any Alteration or Restoration, set forth in Articles 6 and 12 of this Lease and any Construction Authorization Agreement between the parties.

Control: the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the Foundation. The ownership, directly or indirectly, of at least fifty-one percent (51%) of the voting interests of, or the possession of the right to vote or direct the vote of at least fifty-one percent (51%) of the voting interests in, the Foundation shall be presumed to constitute Control.

County Area of Interest: see Section 6.5.1

County Project Consultant: the person appointed by the County's Chief Administrative Officer as such appointment may be changed from time to time by written notice from the County's Chief Administrative Officer to Foundation.

CPM Schedule: see Section 6.2

EIR: an Environmental Impact Report for any project, as that term is defined in the California Environmental Quality Act ("CEQA"), on the Site, including any addenda or supplements thereto, as certified by the County, or any Negative Declaration or Categorical Exemption approved by the County for any project on the Site, in compliance with CEQA.

Environmental Laws: see Section 15.1

Execution Date: the date on which this Lease has been fully executed and delivered by both the County and the Foundation.

Expiration Date: the date this Lease Term expires.

501 (c) (3) Organization: an organization that (a) meets the requirements of Section 145 of the Internal Revenue Code of 1986, as amended, and (b) is operating in reliance on a determination letter from the Internal Revenue Service (which has not been revoked or withdrawn) recognizing such organization's exemption under Section 501 (c) (3) of the Internal revenue Code.

Foundation: as defined in the heading to this Lease or a permitted successor or assignee pursuant to the provisions of this Lease.

Foundation's General Contractor: such person or firm, which is licensed to perform general contracting work in the State of California, hired by the Foundation from time to time to perform general contracting services in connection with Historic Rehabilitation, New Improvements, and/or Alterations

on the Site.

Foundation's Licensed Architect: such person or architectural firm, which is licensed by the State of California to perform architectural design services, hired by the Foundation from time to time to perform design services in connection with Historic Rehabilitation, New Improvements, and/or Alterations on the Site.

Foundation's Project Manager: such Person as Foundation shall designate from time to time in a Notice delivered to County.

Guarantor: at the option of the Foundation, the Person executing a guaranty meeting the requirements set forth in Section 6.2(j)(ii) below.

Hazardous Materials: see Section 15.1

Historic Rehabilitation: the rehabilitation and adaptive reuse of the Existing Improvements which are the recognized historic properties known as the Plaza House and the Vickrey-Brunswig Building, as such rehabilitation and adaptive reuse are described in and required by the Environmental Impact Report certified by the County in the year 2004 for La Plaza de Cultura y Artes Project, as may be amended from time to time by the County in compliance with and as required by CEQA.

Impositions: all taxes and assessments (including without limitation, real estate taxes, excise taxes, ad valorem taxes and possessory interest taxes, if any, levied upon the Site, any improvements thereon, or the operation thereof, and all assessments for public improvements or benefits, whether or not commenced or completed prior to the date hereof and whether or not to be completed within the Term of this Lease), and all water, sewer or similar rents, rates and charges, whether general or special, ordinary or extraordinary, and including all interest and penalties thereon, which at any time during the Term of this Lease are assessed, levied, confirmed or imposed, or become a lien, upon the Site and/or the Project or any part thereof.

Inspection Fees: all fees charged by County in its governmental capacity (or any other governmental agency having jurisdiction over the Site or any New Improvements), for inspection of the Site or New Improvements by County's (or such other governmental agency's) agents, officers or employees in connection with the issuance of the Certificate of Occupancy for, and the construction, operation and/or maintenance of the New Improvements.

Insurance Requirements: all present or future requirements of any insurer of the Premises or any part thereof pursuant to insurance policies maintained by either County or Foundation pursuant to this Lease, and the rules, orders, regulations or requirements of the national and local Board of Fire

Underwriters or any other similar body having jurisdiction over the Premises, and those of any appropriate agency, office, department, board or commission thereof.

Lease Transfer: see Article 19

Legal Requirements: all laws, statutes, ordinances, orders, judgments, decrees, injunctions, rules, regulations, building codes, zoning codes, standards, permits, licenses, and other requirements formally adopted by any federal, state, local or municipal government, and the appropriate departments, commissions, boards, courts, authorities, agencies, officials and officers thereof, now or hereafter in effect, and all covenants, conditions and restrictions of record, which are now or at any time hereafter may become applicable to the Premises or any part thereof, or to the use or manner of use of all or any part of the Premises or any of the sidewalks, curbs, streets or ways adjacent thereto, including, without limitation, the requirements of any environmental assessment document certified or approved by the County pursuant to CEQA, including all Mitigation Measures set forth in a Mitigation Monitoring and Reporting Program approved in connection with an environmental assessment document.

Net Awards: see Section 14.4

New Improvements: any and all buildings, structures and other improvements, except for the Shell and Core Work, which may at any time be erected on or affixed to the Site during the Term of this Lease. The term "New Improvements" includes, but is not limited to, completion of the Historic Rehabilitation following completion of the Shell and Core Work, Alteration, Restoration, landscaping and pedestrian plazas which are located upon the Site at any time hereafter; all fixtures, appliances, machinery, operating equipment and apparatus which are at any time affixed or attached to any of the buildings on the Site; all components of the heating, ventilating and air conditioning equipment located within the Site; and components of the plumbing, lighting, refrigeration, cleaning, security, sound and electrical systems of such buildings.

Officer's Certificate: a certificate signed by an officer of the Foundation or County, as the case may be, setting forth the information required therein. The party certifying shall state that, to the best of its knowledge, the information furnished in such certificate is complete and accurate.

Person: an individual, a corporation, association, partnership, joint venture, organization or other business entity, or a governmental or political unit or agency.

Plans: all of the drawings, plans, specifications and other documents prepared in connection with (a) the schematic phase, (b) the design development phase, and/or (c) the construction drawings phase, as the context may require, of the planning process for the construction of any New

Improvements (or an Alteration or Restoration, to the extent such phases may be required in connection therewith), as the same may be modified from time to time in accordance with the provisions of this Lease.

Premises: the Site together with the Existing Improvements and any New Improvements, and if the Larger Parcel is leased to the Foundation, the Larger Parcel and the Larger Parcel Improvements.

Project: La Plaza de Cultura y Artes, a cultural, educational, museum, and performing arts center operated by the Foundation.

Project Commencement Date: the date of the actual commencement of construction for the New Construction identified as Historic Rehabilitation herein.

Restoration: see Section 13.2

Shell and Core Work: the rehabilitation of the shell and core of the Plaza House and Vickrey-Brunswig Building which shall commence the Historic Rehabilitation of those buildings. Shell and Core Work is not included in the definition of New Improvements.

Taking: a transfer during the Term hereof of all or any portion or the Premises, or any leasehold or other interest therein or right accruing thereto, as the result or in lieu or in anticipation of, the exercise of the right of condemnation or eminent domain by any governmental entity or agency, or any other compensable government activity affecting the Premises or any part thereof.

Unavoidable Delays: delays due to war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, unusually severe weather, unforeseeable or unusual inability to secure necessary labor, materials or tools, acts or omissions of the other party in breach of its obligations under this Lease, acts of any public or governmental agency or entity (other than an act of County which shall not excuse performance by County), the failure by any public or governmental agency or entity to act within a reasonable time period for the any action sought (other than a failure to act by County which shall not excuse performance by County), or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall begin to run from the date that such cause actually prevents the performance required.

## ARTICLE 2

### DEMISE AND RIGHTS TO LEASE THE LARGER PARCEL

2.1 Demise to Foundation. County hereby leases to Foundation and Foundation hereby leases

from County the Site and Existing Improvements and, when construction thereof is complete and Certificates of Completion therefore are delivered to Foundation with respect thereto, each New Improvement.

2.2 Delivery of Possession. County shall deliver to Foundation a license to enter the Site and Existing Improvements to perform the Shell and Core Work of the Existing Improvements on the date the County issues a Notice to Proceed for construction of the Shell and Core Work. Upon completion of the Shell and Core Work County shall deliver to Foundation exclusive possession of the Site and the Existing Improvements. Prior to such delivery of possession, the County shall have the right to use the Site and Existing Improvements and shall indemnify and hold harmless the Foundation from and against any and all losses, liabilities, damages, costs, expenses and claims arising out of the County's use of the Site and Existing Improvements prior to delivery of possession.

2.3 Option to Lease the Larger Parcel. Provided that there is no Event of Default by the Foundation under this Lease, and that this Lease is in full force and effect at the time Foundation exercises the option to lease all and/or portions of the Larger Parcel as provided herein, the Foundation shall have an option, irrevocable for a period of fifteen (15) years from the Execution Date of this Lease, to lease ("Option to Lease") some and/or all of the area of the Larger Parcel and some and/or all of any Larger Parcel Improvements to operate programs to meet the social needs of the County which the Board of Supervisors determines will serve public purposes;

2.3.1 Exercise of the Lease Option. The Option to Lease all and/or portions of the Larger Parcel shall be exercised by written Notice ("Lease Option Notice") delivered by Foundation to County at any time or from time to time during the term of this Lease. Any Lease Option Notice shall identify the use or uses which the Foundation intends for the Larger Parcel or portion of the Larger Parcel identified in the Notice. In the event a Lease Option Notice is received by the County on or after the fifteenth (15th) anniversary of the Execution Date of this Lease, the County's approval of such Option to Lease shall be in the sole and absolute discretion of the Board of Supervisors of the County. In the event a Lease Option Notice is received by the County prior to the fifteenth (15th) anniversary of the Execution Date of this Lease, the County's approval of such Option to Lease shall be limited to approval, in the exercise of the reasonable discretion by the Board of Supervisors of the County, of the Foundation's intended use(s), including without limitation, consideration of the County Area Of Interest. The uses to which the Foundation may make in the future of all or a portion of the Larger Parcel and/or the Larger Parcel Improvements pursuant to any Option to Lease are not limited by the Permitted Uses

identified in Section 7.1 herein, however, such uses must comply with Government Code section 26227, or a successor statute at the time the Lease Option Notice is received .

2.4 Lease of Larger Parcel. Provided that Foundation shall have delivered a Lease Option Notice as required herein, and all other applicable conditions of Section 2.3 shall have been satisfied, then within forty-five (45) days of the date of each County approval, pursuant to Section 2.3, and subject to the requirements of CEQA and any environmental assessment document concerning the proposed lease and use of some or all of the Larger Parcel, and subject further to Unavoidable Delays, the County and the Foundation shall execute a Lease Amendment consistent with all of the terms, conditions and covenants contained in this Lease, which shall be effective as to the area of the Larger Parcel identified in the Lease Option Notice for the remaining Term of this Lease, except that the term "Site" shall be deemed to refer to the original Site combined with the Lease Option area of the Larger Parcel.

2.5 Delivery of Possession of some or all of the Larger Parcel. County shall deliver possession to Foundation of the area of the Larger Parcel and any Larger Parcel Improvements, which are subject to an executed Lease Amendment with the Foundation, on the date the County issues a Notice to Proceed to Foundation for construction of New Improvements on that area of the Larger Parcel. The issuance by the County of such Notice to Proceed shall not be unreasonably withheld, conditioned or delayed. Prior to such delivery of possession, the County shall have the right to use the portions of the Larger Parcel and any Larger Parcel Improvements to which possession has not yet been delivered to the Foundation, and shall indemnify and hold harmless the Foundation from and against any and all losses, liabilities, damages, costs, expenses and claims arising out of the County's use of the Larger Parcel and any Larger Parcel Improvements prior to delivery of possession, provided, however, such indemnity shall not apply to the acts or omissions of the Foundation.

### ARTICLE 3

#### TERM AND OPTIONS TO EXTEND

3.1 Term. The term of this Lease (the "Term") shall begin on the Execution Date and end at 11:59 p.m. on the sixty-sixth (66<sup>th</sup>) anniversary of the Execution Date (the "Expiration Date").

3.2 Option to Extend. Provided that the Foundation is not in default under this Lease and that this Lease is in full force and effect at the time Foundation exercises the option to extend provided herein, the Foundation shall have the irrevocable option to extend the term of this Lease for an additional period of thirty-three (33) years commencing on the day after the Expiration Date and terminating on the ninety-ninth (99<sup>th</sup>) anniversary of the original Expiration Date.

3.2.1 Exercise. The Option to Extend shall be exercised by written Notice ("Extension Notice") delivered by Foundation to County at any time after the sixtieth (60<sup>th</sup>) anniversary of the Execution Date but prior to the sixty-second (62<sup>nd</sup>) anniversary of the Execution Date.

3.2.2 Failure to Deliver Extension Notice. Foundation's failure to deliver the Extension Notice in accordance with the terms hereof shall be deemed a waiver by the Foundation of its rights to extend the Term of this Lease, time being of the essence.

3.2.3 Extension of Term. Provided that Foundation shall have delivered the Extension Notice as required herein and all other applicable conditions of this Section 3.2 shall have been satisfied, then effective as of the date of delivery of the Extension Notice, the Term of this Lease shall be deemed extended for an additional thirty-three (33) year period with the same force and effect as if such thirty-three (33) year period had originally been included in the definition of "Term." This Lease shall be extended upon all of the terms, conditions and covenants contained in this Lease and applicable to the original Term, except the Option to Extend shall be deleted and the term "Expiration Date" shall be deemed to refer to the Extension Expiration Date.

#### **ARTICLE 4**

##### **RENT**

Foundation shall pay to County as the rent ("Rent") during the Term of this Lease the sum of One Dollar (\$1) per year payable in advance. All amounts, costs, charges, expenses, liabilities, obligations or covenants required to be kept, undertaken or performed by Foundation hereunder, including, without limitation, Foundation's obligation to perform the Historic Rehabilitation as set forth in Article 6 herein, shall constitute Additional Rent hereunder.

#### **ARTICLE 5**

##### **CONDITION OF SITE, LARGER PARCEL AND EXISTING IMPROVEMENTS**

5.1 Condition of the Site and Existing Improvements, and Larger Parcel and Larger Parcel Improvements. Foundation acknowledges and agrees that the County makes no representation or warranty, express or implied, written or oral, with respect to the condition of the Site, the Larger Parcel, the Existing Improvements or Larger Parcel Improvements or their fitness or availability for any particular use, including but not limited to, any of the following: (a) their physical condition; (b) their suitability for the uses intended by the Foundation, including without limitation future construction of the Project pursuant to Article 6 hereof; or (c) subject to Section 26.14 below, the condition of title to

the Site or the Larger Parcel.

5.2 Foundation Right of Access to the Site. Prior to delivery of possession of the Site and Existing Improvements to Foundation as provided in Section 2.2 above, Foundation, its contractors, agents and representatives, shall have the right of access to the Site and Existing Improvements from time-to-time upon reasonable notice to the County for the purpose of obtaining data and conducting surveys and tests necessary to fulfill its rights and obligations under Article 6 below. Upon written request, Foundation shall have access to any data or documentation concerning the Site or Existing Improvements that may be in the possession of the County, provided that such data or documentation shall be for informational purposes only and shall be kept strictly confidential by the Foundation. Foundation shall indemnify and hold harmless the County from and against any and all losses, liabilities, damages, costs, expenses and claims arising out of such activities of the Foundation on the Site or the Existing Improvements by the Foundation prior to the delivery of possession, provided, however, such indemnity shall not apply to acts or omissions of the County.

5.3 Foundation Right of Access to the Larger Parcel. Prior to delivery of possession of the Larger Parcel and any Larger Parcel Improvements to Foundation as provided in Section 2.5 above, Foundation, its contractors, agents and representatives, shall have the right of access to the Larger Parcel and any Larger Parcel Improvements from time to time upon reasonable notice to the County for the purpose of obtaining data and conducting surveys and tests. Upon written request, Foundation shall have access to any data or documentation concerning the Larger Parcel and the Larger Parcel Improvements that may be in the possession of the County, provided that such data or documentation shall be for informational purposes only and shall be kept strictly confidential by the Foundation. Foundation shall indemnify and hold harmless the County from and against any and all losses, liabilities, damages, costs, expenses and claims arising out of such activities of the Foundation on the Larger Parcel and any Larger Parcel Improvements by the Foundation prior to the delivery of possession, provided, however, such indemnity shall not apply to acts or omissions of the County.

## ARTICLE 6

### **CONSTRUCTION OF NEW IMPROVEMENTS ON THE SITE AND THE LARGER PARCEL BY FOUNDATION**

#### 6.1 Foundation's Obligation to Construct Certain New Improvements on the Site.

6.1.1 Historic Rehabilitation. Foundation shall provide for the construction of New Improvements on the Site which shall consist of, at a minimum, the completion of the rehabilitation and

adaptive reuse of the Existing Improvements, which are the recognized historic properties known as the Plaza House and the Vickrey-Brunswig Building ("Historic Rehabilitation"), as such rehabilitation and adaptive reuse are described in and required by the Environmental Impact Report certified by the County in the year 2004 for La Plaza de Cultura y Artes, as may be amended from time to time by the County, and in accordance with plans and specifications approved by the County ("Approved Drawings"). The completion of the Historic Rehabilitation shall follow the completion of the rehabilitation of the shell and core of the Plaza House and Vickrey-Brunswig Building ("Shell and Core Work"). The scope of work that constitutes Shell and Core Work shall be specified in the Construction Authorization Agreement between the parties which authorizes the implementation of the Shell and Core Work.

(a) Special Provisions Applicable to Shell and Core Work. Foundation hereby appoints the County's Chief Administrative Officer as its Project Manager with sole responsibility and authority for completing the Shell and Core Work of the Historic Rehabilitation in accordance with the Approved Drawings. All of the terms and conditions of this Article 6 shall apply to the Shell and Core Work, with the further understanding and agreement between the Foundation and the County that, as to the Shell and Core Work only, the County shall be solely responsible for ensuring the completion of the Shell and Core Work and providing to the Foundation and certifying the availability of Available Funds sufficient to pay any and all costs arising out of the design and construction of the Shell and Core Work, and to pay any and all claims arising out of the performance of the Shell and Core Work. The County and the Foundation shall cooperate in good faith to comply with the Construction Commencement Conditions in Section 6.2 below so that the Shell and Core Work shall commence at the earliest commercially reasonable time but in no event later than two (2) years after the execution of this Lease, subject to Unavoidable Delays.

6.1.2 Other New Improvements. In the event Foundation commences construction of New Improvements, including the completion of the Historic Rehabilitation required in Section 6.1.1 above, Foundation shall, at its sole cost and expense, completely construct on the Site the New Improvements in accordance with all of the provisions of this Lease. Foundation shall cause any and all construction work on the New Improvements (including any Alteration or Restoration) to be done diligently, in a good and workmanlike manner, in accordance with the Construction Requirements. Once Foundation commences construction of any New Improvements, Foundation shall diligently prosecute or cause to be prosecuted the construction of the New Improvements to completion in

accordance with the Approved Drawings, as such Approved Drawings may be modified pursuant to Section 6.5.2 below, and achieve substantial completion of the New Improvements in accordance with the CPM Schedule reasonably approved by the County, subject to Unavoidable Delays (provided Foundation gives the County Notice of such Unavoidable Delays promptly after Foundation becomes aware of the commencement of any such delay) and subject further to Foundation's right to extend the Construction Period pursuant to Section 6.3.2 below.

6.2 Conditions to Commencement of Construction. A Notice to Proceed ("NTP") issued by the County to the Foundation shall be a condition that must be satisfied before the Foundation may begin any construction on the Site. The NTP shall be issued promptly following the date upon which the Foundation has satisfied the following conditions for each proposed construction of New Improvements: (a) the Approved Drawings for the proposed New Improvements shall have been completed and approved by the County to the extent of the County's approval rights provided in Section 6.5.2 below; (b) the Foundation shall have delivered to the County a fully-executed guaranteed maximum price construction contract for construction of the New Improvements, based on the Approved Drawings and containing (i) the provisions required by Section 6.6.2 below, and (ii) a guaranteed maximum price, allowance, contingency, and reserve provisions each reasonably approved by the County; (c) the Foundation shall have delivered to the County the then current construction budget for the New Improvements, certified by Foundation's Licensed Architect, and based upon the guaranteed maximum price construction contract described in (b) above, and including a contingency amount reasonably approved by the County; (d) the Foundation shall have delivered to the County an Officer's Certificate, which certificate (including the information and supporting evidence contained therein or attached thereto) shall be reasonably satisfactory to the County, certifying that the amount of Available Funds, as defined in Section 6.2.1 equals at least one hundred percent (100%) of the remaining total costs to complete the proposed New Improvements (both hard and soft costs and including the budgeted contingency amount) as set forth on the budget delivered pursuant to (c) above; (e) the Foundation shall have delivered to the County certificates or copies of all insurance policies required to be maintained by the Foundation and/or Foundation's General Contractor pursuant to the Construction Authorization Agreement for such proposed New Improvements; (f) the Foundation shall have delivered to the County a certificate from Foundation's Licensed Architect that all Permits required to commence construction of the proposed New Improvements have been obtained, with a copy of each such permit attached thereto; (g) the Foundation shall have obtained and delivered to the County all performance and payment bonds

required to be obtained by the Foundation's General Contractor and the Foundation pursuant to the terms of this Lease; (h) the Foundation shall have delivered to the County a "critical path method" schedule of construction activities required to complete the construction of the proposed New Improvements, in a form reasonably satisfactory to the County, including, without limitation, cost estimates for each such construction activity and other information the County may reasonably require, prepared by the Foundation's General Contractor, and approved by the Foundation's Licensed Architect (collectively "CPM Schedule"); (i) the Foundation shall have obtained from the County a written acknowledgement that the Foundation and County have established mutually satisfactory quality assurance/control programs for the construction of the proposed New Improvements; (j) the Foundation shall deliver to the County either (i) evidence satisfactory to the County that the Foundation has sufficient assets and/or Available Funds, including unconditional commitments to donate funds, net of the amount estimated to be required to complete the construction of the proposed New Improvements as set forth in the budget described in (c) above, in the County's reasonable judgment, to fulfill the Foundation's undertaking to complete or cause the completion of the proposed New Improvements as provided in Section 6.1 above, or (ii), at the Foundation's sole option, a written guaranty of the Foundation's undertaking to complete or cause the completion of the construction of the proposed New Improvements as required in Sections 6.1.1 and 6.1.2 above, in form and substance reasonably satisfactory to the County and executed by a Person with financial resources adequate, in the reasonable opinion of the County, to fulfill such undertaking on behalf of Foundation; and (k) the County and Foundation shall have executed a Construction Authorization Agreement which shall set forth the specific terms applicable to the proposed New Improvements to be constructed (such terms to be consistent with this Lease). The conditions set forth in this Section in (a) through (k) are collectively referred to herein as the "Construction Commencement Conditions."

6.2.1 Available Funds. For each proposed construction of New Improvements, (a) each time that Foundation or Foundation's Project Manager receives a revised construction budget and schedule for the New Improvements from the Foundation's General Contractor, at the same time it shall deliver a copy thereof to the County Project Consultant, and (b) no less frequently than once every three (3) months, Foundation shall cause Foundation's Project Manager to deliver to the County Project Consultant a total construction budget for the New Improvements prepared by Foundation's Project Manager and certified by the Foundation's Licensed Architect, based upon the then most recent price estimates from the Foundation's General Contractor, setting forth the total costs (both hard and soft

costs, including Foundation's contingency amount which shall be sufficient to pay the reasonable cost of unresolved and/or potential disputes and claims which have arisen to date out of the construction) to design and complete construction of the New Improvements. Together with the delivery of each such total construction budget and schedule, Foundation shall deliver to the County Project Consultant an Officer's Certificate, including supporting information and evidence reasonably satisfactory to County, certifying the sum, as of the date of such certificate, of all funds, including (subject in each case to County's approval) unconditional commitments to donate funds, loan commitments, guarantees, letters of credit, and projected interest earnings on all funds, in each case received by Foundation and/or to be available for use to complete the construction of the New Improvements (such sum being referred to herein as the "Available Funds"). Available Funds shall be exclusive of any funds required by Foundation for management, operation and other expense obligations of Foundation, (which are not subsidized by the County pursuant to the Maintenance & Operation Agreement) and shall be sequestered from and separately identified as dedicated solely for the payment of construction costs for the New Improvements to the County's reasonable satisfaction.

#### 6.3 County's Acknowledgement of Satisfaction of Construction Commencement Conditions.

Prior to the commencement of any construction of proposed New Improvements, the Foundation shall deliver to the County a Notice stating that (i) all of the Construction Commencement Conditions have been satisfied and (ii) if the County fails to respond to such Notice within fifteen (15) Business Days after the County's receipt thereof, the County shall be deemed to have acknowledged that all Construction Commencement Conditions have been satisfied ("Construction Commencement Notice"). Within fifteen (15) Business Days after the County's receipt of the Construction Commencement Notice, the County shall deliver to the Foundation a Notice which (a) acknowledges the satisfaction of all the Construction Commencement Conditions, or (b) specifies which of the Construction Commencement Conditions remains to be satisfied, and (c) specifies what additional evidence and backup information the County reasonably requires to assess whether the Construction Commencement Conditions have been satisfied. If the County's notice specifies that any of the Construction Commencement Conditions have not been satisfied or that further evidence or information is required, then the Foundation shall satisfy such condition(s) or deliver such evidence or information and submit another Construction Commencement Notice to the County. The County shall respond to such Construction Commencement Notice with fifteen (15) Business Days after receipt thereof. If the County fails to respond to any Construction Commencement Notice within fifteen (15) Business Days after the County's receipt

thereof, the County shall be deemed to have acknowledged that all Construction Commencement Conditions have been satisfied. In no event shall construction of any proposed New Improvements occur prior to the County's acknowledgement or deemed acknowledgement that all of the Construction Commencement Conditions have been satisfied.

6.3.1 Failure to Complete Construction. Subject to Foundation's extension rights provided in Section 6.3.2 below, and subject further to any Unavoidable Delays, including the County's obligations to perform pursuant to Section 6.1.1(a), (provided Foundation gives County Notice of each such Unavoidable Delay promptly after Foundation becomes aware of the commencement of such Unavoidable Delay), in the event that Foundation commences construction of any New Improvements the failure of the Completion Date to occur prior to the first (1<sup>st</sup>) anniversary of the scheduled date of substantial completion pursuant to the CPM Schedule shall constitute a default, upon the occurrence of which Foundation shall have the obligations, and County shall have the rights and remedies set forth in Article 21 below.

6.3.2 Extension of Time to Complete Construction. Provided that Foundation is then diligently pursuing completion of construction of the New Improvements, upon receipt by the County Project Consultant of a written request from Foundation delivered at least one (1) month before the date upon which completion of construction is then required under the terms of the CPM Schedule, County may deliver, in the exercise of its sole discretion, a Notice to Foundation granting Foundation a one (1) year extension of such required completion date.

6.4 Failure to Timely Commence Construction on the Larger Parcel. Subject to the occurrence of Unavoidable Delay, in the event Construction Commencement does not occur on the Larger Parcel prior to the fifteenth (15<sup>th</sup>) anniversary of the Execution Date of this Lease, the County, in the exercise of the sole discretion of the Board of Supervisors of the County, may, by written notice to the Foundation, terminate in its entirety the Foundation's Option to Lease some or all of the Larger Parcel. Provided the Foundation is then diligently pursuing development of New Improvements on the Larger Parcel, the County, in the exercise of the sole discretion of the Board of Supervisors of the County, may, by written notice to the Foundation, grant the Foundation an extension of time to Commence Construction on the Larger Parcel.

#### 6.5 Preparation and Approval of Plans.

6.5.1 County Area of Interest. Foundation and County shall hold regular progress meetings and communicate and consult with each other to receive ideas and comments during the

preparation of the Plans for any New Improvements. Foundation shall endeavor to incorporate in the Plans all recommendations made by the County. Foundation shall incorporate into the Plans recommendations made by County to the extent that such recommendations relate to or impact upon the County's cost, ease or efficiency of operating, maintaining and securing the New Improvements and the Site when completed (hereinafter referred to the "County Area of Interest"). In the event Foundation commits to be responsible for any impact upon the cost, ease or efficiency of operating, maintaining and securing the New Improvements and the Site, Foundation shall be relieved of the obligation to incorporate the County's recommendations.

6.5.2 County's Plan Approval. Upon the completion of the schematic, design development and/or construction drawings phases, as the context may require, of the planning process for the construction of any New Improvements ("Plans") by Foundation's Licensed Architect, Foundation shall submit such phase of the Plans to the County. County shall promptly approve or disapprove each such phase of the Plans, provided, however, that County may only disapprove any such phase of the Plans to the extent that such Plans (a) are not a Logical Evolution of any previously approved (or deemed approved) phase of the Plans, or (b) have any adverse impact upon the County Area of Interest. "Logical Evolution," for the purpose of this Lease, is defined as a refinement or amplification of the previously approved phase of the Plans that is not inconsistent with and flows naturally and foreseeably from the previously approved phase of the Plans and is in accordance with custom and practice in the field of architectural and engineering design and the construction industry in Southern California, code requirements, applicable plan check, Permit conditions and the timely availability of materials. If County shall disapprove any phase of the Plans, such disapproval shall be effective only if the County shall specify in writing the reasons for disapproval and the general nature of the changes in the Plans that the County requests be made to remedy such matters. Such changes must be consistent with any phase of Plans previously approved or deemed approved hereunder by County. If County fails to act within thirty (30) days following the submittal of any complete phase of Plans to the County, such phase of the Plans shall be deemed approved by County.

6.5.3 Record Drawings. Foundation shall cause the Foundation's General Contractor to keep "record drawings" on the Premises at all times during the construction of any New Improvements. The Foundation's General Contractor shall update the record drawings each month to show any and all changes from the Approved Drawings. In addition to the Plans otherwise furnished to County hereunder, Foundation shall make available copies of the updated record drawings and any other Plans

relating to the New Improvements, upon request, to the County or any of County's architects, engineers or consultants, to assist County in determining whether or not the New Improvements are being constructed in accordance with the Approved Drawings and the other applicable provisions of this Lease.

#### 6.6 Approved Construction Contracts.

6.6.1 Contracts. Each contract between Foundation and Foundation's General Contractor shall give County (i) the right to receive notices of any default by Foundation thereunder and reasonable opportunity to cure any such default (after Foundation's right to cure has ended and County has given written notice to Foundation of County's intention to cure), and (ii) the right but not the obligation to assume Foundation's obligations and rights under such contract, if Foundation defaults under such contract and all applicable cure periods available to Foundation under such contract have expired without cure. County's exercise of its rights pursuant to the immediately preceding sentence shall not be in lieu of or constitute a waiver of any other right County may have against Foundation, any guarantor or surety, or any other Person or entity.

6.6.2 Nondiscrimination Clause. Each contract between Foundation and Foundation's General Contractor, and each subcontract between the Foundation's General Contractor and materialmen, suppliers or subcontractors furnishing services and/or materials in connection with the construction of New Improvements ("Subcontract"), shall include provisions substantially similar to the first two sentences of Section 6.14.2 below and shall contain the following provision:

"During the performance of this contract, Contractor agrees as follows:

(a) Contractor will not discriminate against any qualified employee or qualified applicant for employment because of race, color, religion, creed, national origin, ancestry, physical handicap, medical condition, age, marital status, sex, or sexual orientation. Contractor will take affirmative action to ensure that qualified applicants are employed, and that qualified employees are treated during employment, without regard to their race, color, religion, creed, national origin, ancestry, physical handicap, medical condition, age, marital status, sex or sexual orientation. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause;

(b) Contractor will, in all solicitations or advertisements for employees placed by or on behalf of Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, creed, national origin, ancestry, physical handicap, medical condition, age, marital status, sex, or sexual orientation;

(c) Contractor will send to each labor union or representative of workers with which Contractor has a collective bargaining agreement or other contract or understanding, a notice advising the labor union or worker's representative of Contractor's commitments under Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment;

(d) Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor;

(e) Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor or the Secretary of Housing and Urban Development pursuant thereto, and will permit access to the Contractor's books, records, and accounts by the County, the Secretary of Housing and Urban Development, and the Secretary of Labor at normal business hours upon reasonable notice for purposes of investigation to ascertain compliance with such rules, regulations, and orders; and

(f) In the event of Contractor's noncompliance with the nondiscrimination clauses of this Section, or with any of the said rules, regulations, or orders, Contractor may be declared ineligible for other County contracts or federally assisted construction contracts in accordance with procedures authorized by Executive Order 11246 of September 24, 1965, or by rule, regulations, or order of the Secretary of Labor, or as otherwise provided by law."

#### 6.7 Maintenance of Sufficient Funds

6.7.1 Maintenance of Foundation's or Guarantor's Assets. Within thirty (30) days after the end of each calendar quarter during the course of construction of any New Improvements, Foundation shall deliver evidence reasonably satisfactory to County that the assets of the Foundation (including Available Funds) and/or the Guarantor, if any, remain adequate in the reasonable opinion of County to complete or cause the completion of the construction of the New Improvements as provided in Section 6.2(j) above. In the event that County is not reasonably satisfied that the Foundation's or Guarantor's assets remain adequate to fulfill such undertaking, County shall so notify Foundation, and Foundation shall provide County, within thirty (30) days after Foundation's receipt of such Notice, with

additional security sufficient in County's reasonable opinion to secure Foundation's undertaking to complete the construction of the New Improvements as required in Section 6.1 above.

6.7.2 Insufficient Funds. In the event that Foundation fails to provide additional security as required by Section 6.7.1 above, Foundation shall, within an additional thirty (30) days, make revisions to the Approved Drawings, with the County's reasonable approval, and otherwise in accordance with Section 6.5 above, reduce the total costs to complete construction of the New Improvements (both hard and soft costs and including the budgeted contingency amount), as set forth in a revised construction budget reflecting such revisions, such that the Foundation shall have sufficient Available Funds to complete construction of the New Improvements. In the event that Foundation fails to comply with this Section 6.7.2 in a timely manner, then (a) upon receipt of Notice from County, Foundation shall halt all construction activities on the New Improvements until such time as Foundation has complied with the requirements of this Section 6.7.2, and shall secure and, if necessary, maintain or arrange for maintenance of the partially-constructed New Improvements and/or the Site, to the reasonable satisfaction of the County, to ensure to the extent feasible that the condition of the partially-constructed New Improvements and/or the Site does not deteriorate and (b) County shall have the right to pursue any and all rights and remedies that County may have against the Foundation and/or Guarantor, if any, under this Lease, under any agreement between County and Guarantor, or otherwise pursuant to applicable law, to enforce the Foundation's and/or Guarantor's obligation to fulfill Foundation's undertaking to complete or cause the completion of the construction of the Improvements as required in Section 6.1 above.

6.8 Compliance with Requirements. Foundation shall comply, and contractually require (and use diligent efforts to enforce such requirement) Foundation's General Contractor, any party to a Subcontract, and Foundation's Licensed Architect to comply with the Insurance Requirements and all Legal Requirements in connection with the performance of all construction work on the Site, including any Alteration or Restoration.

6.9 Permits; Inspection Fees. As a condition precedent to the construction of any New Improvements, and any Alteration thereto, or Restoration thereof, Foundation shall secure or cause to be secured, at Foundation's sole cost and expense, such permits from the County of Los Angeles and other governmental agencies, if any, having jurisdiction over the Site as shall be required for the construction which Foundation is then planning to undertake (collectively, "Permits"). The parties hereto agree that, since the New Improvements are intended to service the public consistent with other County of Los

Angeles public purpose government buildings, grading, foundation, excavation, shoring, structural, plumbing, sewer, building, electrical and mechanical Permits necessary for the construction of any New Improvements that are to be sought and obtained from County, in its governmental capacity (collectively, the "County Permits"), will be issued to Foundation as follows: (a) County, in its governmental capacity, will waive all plan check fees, (b) County, in its governmental capacity, will provide all County Permits on a "no fee" basis. All Inspection Fees required to obtain the Certificate of Occupancy and fees for any Permits, other than the County Permits, that are required in connection with or incidental to the work to be performed on the Site or by the construction of the New Improvements, or any Alteration or Restoration thereof, shall be paid by Foundation as costs of construction of the New Improvements, or any Alteration or Restoration thereof. County, in its governmental capacity, agrees to process all applications to the County of Los Angeles for Permits on a "fast track" basis. Notwithstanding any other provision of this Lease, Inspection Fees shall be paid by Foundation to County, in its governmental capacity, at the usual specified rate charged for inspection of other County of Los Angeles-owned facilities.

#### 6.10 Performance and Payment Bonds.

6.10.1 Foundation's Bond. Before Construction Commencement of any New Improvements on the Site, including, without limitation, any Alteration or Renovation, Foundation shall deliver to the County Project Consultant a labor and materials payment bond or bonds, issued by a surety authorized to do business in the State of California, guaranteeing payment to all claimants for labor and materials used or reasonably required for use in the construction of the New Improvements (or Alteration or Restoration), in a form satisfactory to County, in the amount of one hundred percent (100%) of the guaranteed maximum price contract of Foundation's General Contractor, and with a surety approved by County which approval shall not be unreasonably withheld or delayed. Such bond shall name the County as obligee. Each payment bond shall remain in effect until (a) the expiration of the period for filing a claim of lien or serving a stop notice as provided by law, provided that no claim of lien or stop notice has been filed or served, or (b) if a claim of lien is filed or a stop notice is served, (i) the expiration of the period for filing an action to foreclose such lien or enforce such stop notice, provided that no such action has been filed, (ii) the date upon which the New Improvements are freed from the effect of such claim of lien or stop notice and any action brought to foreclose such lien or enforce such stop notice, or (iii) the date upon which all liens or stop notices are otherwise discharged.

6.10.2 Foundation's General Contractor's Bonds. Before Construction Commencement of any New Improvements on the Site, including, without limitation, any Alteration or Renovation, Foundation shall deliver, or cause the Foundation's General Contractor to deliver, to the County Project Consultant a performance bond or bonds and a labor and materials payment bond or bonds, issued by a surety authorized to do business in the State of California, guaranteeing full performance of the Foundation's General Contractor in connection with the construction of any New Improvements (or Alteration or Restoration) in accordance with the Approved Drawings, and payment to all claimants for labor and materials used or reasonably required for use in the construction of the New Improvements (or Alteration or Restoration), in a form satisfactory to County, in the amount of one hundred percent (100%) of the guaranteed maximum price contract of Foundation's General Contractor, and with a surety approved by County which approval shall not be unreasonably withheld or delayed. Such bonds shall name the Foundation and County as obligees. The term of each such bond shall commence on or before the Notice to Proceed issued by the County Project Consultant to Foundation. Each bond shall remain in effect until the date on which the bonded obligations are satisfied by the Foundation's General Contractor or by the surety's performance in accordance with the terms of the bonds. The performance-bonded obligations shall be deemed to be satisfied upon the date of issuance of a Certificate of Completion for any New Improvements. Each payment bond shall remain in effect until (a) the expiration of the period for filing a claim of lien or serving a stop notice as provided by law, provided that no claim of lien or stop notice has been filed or served, or (b) if a claim of lien is filed or a stop notice is served, (i) the expiration of the period for filing an action to foreclose such lien or enforce such stop notice, provided that no such action has been filed, (ii) the date upon which the New Improvements are freed from the effect of such claim of lien or stop notice and any action brought to foreclose such lien or enforce such stop notice, or (iii) the date upon which all liens or stop notices are otherwise discharged.

6.11 Construction Period Insurance. Foundation shall not permit any construction work to be done on the Site (including any Alteration or Restoration) until Foundation shall have provided or caused to be provided to the County Project Consultant original or certified copies of policies of insurance, together with appropriate endorsements, evidencing coverage for all insurance required to be maintained by Foundation pursuant to Section 18.1 hereof. Foundation shall ensure that such insurance is maintained at all times prior to the Completion Date and during the entire Construction Period for any New Improvement, Alteration or Restoration. Foundation shall ensure that all premiums are paid, the

insurance complies with all Insurance Requirements, and take all other actions necessary to keep such policies of insurance in effect until all work in connection with any construction on the Site shall have been completed.

6.12 No Interference. Except for normal disruption and periodic interference typical of major construction projects in downtown Los Angeles, Foundation shall cause all construction work to be performed on the Site in a manner so as not to unreasonably impair or interfere with the use, occupancy or enjoyment of, or with any business conducted on, any property abutting or adjacent to the Site.

6.13 Completion. Construction shall be deemed to be completed for purposes of this Lease on the date upon which County issues a Certificate of Completion for the New Improvements (or any Alteration or Restoration) as provided below.

6.13.1 Requirements for County Delivery of the Certificate of Completion. After substantial completion of construction of any New Improvements (or any Alteration or Restoration), Foundation shall deliver to the County Project Consultant a written request that County certify the completion of the New Improvements (or Alteration or Restoration, as the case may be), which request shall include (a) a copy of the Certificate of Occupancy for the New Improvements (or Alteration or Restoration, as the case may be if a Certificate of Occupancy is legally required in connection with such Alteration or Restoration), and (b) a certificate of the Foundation's Licensed Architect stating that the New Improvements (including any Alteration or Restoration) have been completed substantially in accordance with the Approved Drawings and are ready for occupancy, except for minor "punchlist" items listed on such certificate. Unless County refuses to certify completion as provided in Section 6.13.2 below, County, in its proprietary capacity, shall issue to Foundation a certificate (the "Certificate of Completion") within thirty (30) days after the County Project Consultant's receipt of Foundation's request therefor, which shall constitute (and shall so state) a conclusive determination by County that Foundation has fully complied with all of its obligations under this Lease to construct the New Improvements (or to complete any Alteration or Restoration) except for those matters listed as "punchlist" items on the Certificate of Completion. Foundation shall undertake the prompt and diligent completion or curing of any punchlist items. In addition, within a reasonable time after completion of construction of the New Improvements (or any Alteration or Restoration), Foundation will deliver to County a complete set of "record drawings" for the New Improvements (or any Alteration or Restoration) including all changes to the Approved Drawings, indicating the location and size of all elements of the New Improvements as constructed, altered, or restored, to a degree of precision

appropriate for each element set forth, but in no event more precise than normal field measured accuracy. The Certificate of Completion shall not constitute the notice of completion referred to in California Civil Code Section 3093.

6.13.2 Refusal to certify. If County shall refuse or fail to provide a Certificate of Completion in accordance with Section 6.13.1 above after the County Project Consultant's receipt of Foundation's request therefore, County shall, within fifteen (15) Business Days after the County Project Consultant's receipt of Foundation's written request, provide Foundation with a written statement indicating in adequate detail in what respect Foundation has failed to complete the construction in accordance with the Approved Drawings or any other applicable provisions of this Lease, and what measures or acts must be taken or performed by or on behalf of Foundation in order to obtain such Certificate of Completion.

#### 6.14 Liens.

6.14.1 Removal of Liens. If any mechanic's lien, materialman's lien, or any other lien is filed against the Premises, or any stop notice is served, for work or labor performed or claimed to have been performed, or goods, materials or services furnished or, claimed to have been furnished upon or with respect to the Premises at any time during the course of construction on the Premises, then unless Foundation elects to contest such lien or stop notice in accordance with the provisions of Section 6.14.3 below, Foundation shall discharge or cause the discharge of such lien or stop notice within sixty (60) days thereafter whether by payment, release, or posting of a bond or other similar assurance in the amount of 125% of the face amount of any such lien or stop notice, or Foundation shall obtain title insurance against the enforcement of such lien reasonably satisfactory to County. If such lien or stop notice is discharged other than by recorded full release and satisfaction (e.g., by bond), the same must be reasonably satisfactory in form and substance to County.

6.14.2 No Lien on County's Interest. Under no circumstance whatsoever shall any lien, including without limitation any mechanics' lien, materialman's lien, or any lien for goods, labor, materials, services or work delivered to or performed on the Premises, attach to or encumber County's ownership interest in the Premises. All Subcontractors and any other providers of goods, labor, materials, services or work, to or for the benefit or improvement of the Premises, are hereby put on notice of this restriction, and County shall have the right to post on the Site any and all notices of nonresponsibility which County in its sole and absolute discretion deems appropriate. The filing of any lien against County's interest in the Premises in contravention of this provision, however, shall not be

deemed to be a default of Foundation under this Lease if Foundation, diligently and in good faith, discharges or contests such lien as provided in Section 6.14.3 below.

6.14.3 Contest. Foundation, at its sole cost and expense, may contest by appropriate legal proceedings, promptly initiated and diligently conducted in good faith, the amount, validity or application in whole or in part of any lien if the effect of such contest or proceedings completely stays any enforcement of the lien or stop notice; provided that, (a) if in County's reasonable opinion the payment bond or bonds delivered to County pursuant to Section 6.10 above do not guarantee full payment of the claim giving rise to such lien, Foundation shall provide County with such additional assurance and security reasonably satisfactory to County assuring County that no lien, charge, encumbrance, loss or damage of any kind whatsoever can or will affect County's interest in the Site as a result of Foundation's nonpayment or contest of any such lien, (b) indemnify County and defend and hold County harmless from and against all liability, costs, claims, damages, interest penalties and expense in connection with or arising out of such contest, and (c) Foundation shall prosecute such contest in good faith and with due diligence to a final determination.

6.15 Title to New Improvements. Ownership of all New Improvements (including any Alteration or Restoration) constructed by Foundation on the Premises pursuant to this Lease, and ownership of all equipment permanently installed by Foundation on the Premises pursuant to this Lease, shall vest in Foundation until the expiration or earlier termination of this Lease. Upon expiration or earlier termination of this Lease ownership of all New Improvements and permanently installed equipment (not including Foundation's Equipment) on the Premises shall vest in the County and Foundation shall execute any necessary documents required to establish or memorialize the transfer of ownership.

## ARTICLE 7

### USE AND OCCUPANCY

7.1 Permitted Uses. Subject to any Lease Amendment concerning permitted uses of the Larger Parcel, the Premises may be used as a cultural, educational, museum, and performing arts center, including facilities such as a visitor's center, theatre and performing arts center, educational center, community events center, museum/exhibition and exhibit spaces, indoor and outdoor classroom and educational spaces, memorial garden, and paseos, plazas, and pedestrian walkways, with necessary and related support spaces including, but not limited to, appropriate lobby and ticket offices, rehearsal spaces, dressing rooms, a giftshop/bookstore, café, meeting rooms, food preparation and eating areas,

and office space for the Foundation and other organizations, all subject to County's reasonable approval as to the maintenance costs of such areas. Foundation shall use and occupy the Premises, and shall in any conveyance instrument require that all sublessees shall use and occupy the Premises, in a lawful manner and in compliance with this Article 7 and all Legal Requirements applicable thereto.

7.2 Prohibited Uses. Foundation shall not use or occupy the Premises or any part thereof, or permit or suffer the Premises or any part thereof to be used or occupied, for any ultrahazardous, unlawful, or illegal business, use or purpose, nor in a manner as to constitute a nuisance of any kind, nor in any manner inconsistent with or in violation of this Article 7 or of any Legal Requirements. The Foundation shall not do or permit to be done anything which may interfere with the free access and passage to the Premises or the public areas adjacent thereto, or the streets or sidewalks adjoining, unless approved in advance by the County. The Foundation shall not knowingly permit advertising which, in County's reasonable judgment, is in conflict with or violates any County codes, policies or ordinances in effect from time to time regarding advertising or promotions on County-owned real property. Immediately upon the discovery of any such unlawful, illegal or ultrahazardous use, or of any use in violation of this Lease, Foundation shall take or cause to be taken in an expeditious manner all necessary steps, legal and equitable, to discontinue such use and to remove any occupants or other persons undertaking such use.

7.3 Adverse Possession. Foundation shall not permit any portion of the Premises to be used by any person or entity at any time during the Term in such manner as might make possible a claim or claims of adverse use, adverse possession, prescription or other similar claims of, in, or with respect to the Premises or any part thereof.

## ARTICLE 8

### MAINTENANCE AND OPERATION

8.1 County Obligation. The County shall keep and maintain the Premises in good repair and working order, and make repairs and replacements (which are not Capital Expenditures) to, and perform maintenance upon the Premises, as needed and to the extent all or part of the Premises are not under active construction, including but not necessarily limited to, the structural elements of the Existing and New Improvements. Nothing in this Lease shall require County to make Capital Expenditures until and unless sufficient funding has been identified and appropriated to complete the project requiring such. The Foundation shall not do or permit to be done anything on the Premises which may interfere more than minimally with the effectiveness or accessibility of plumbing, electrical, heating, ventilating or air

conditioning systems or portions thereof which the County is obligated to maintain and repair, unless such activity is approved in advance by the County.

8.2 Services Provided by Foundation. During the Term of this Lease, Foundation shall be responsible, at its sole cost and expense, for the day-to-day management and supervision of all the Permitted Uses to which the Premises may be put, including without limitation, the cultural, educational, performing arts, exhibits, presentations, services and activities which are the primary mission of La Plaza de Cultura y Artes, and related supporting services and activities.

8.3 Maintenance and Operation Agreement. A Maintenance & Operation Agreement, ("M&O Agreement"), which sets forth in detail the respective obligations of the parties and the current procedures applicable to approving and arranging for the provision of maintenance and operational services shall be executed by the County and Foundation prior to the completion of Historic Rehabilitation.

8.4 Insufficient Funds. In the event that the M&O Agreement is not executed prior to the completion of the Historic Rehabilitation, the Foundation shall use its best efforts to perform County's operation, maintenance and repair obligations for the Premises as required herein using the amount of funds allocated in the County budget for the operation and maintenance of the Premises. If despite its best efforts Foundation is unable to meet all the obligations required herein during any such year because of insufficient funding by County, Foundation shall not be deemed to be in default of its obligation under this Lease.

## ARTICLE 9

### PAYMENT OF IMPOSITIONS

9.1 County's Obligation. Subject to County's right to contest provided in Section 9.2 below, during the Term of this Lease, County shall pay and discharge all Impositions before the first day on which a penalty or interest thereon may accrue or be assessed for nonpayment or, if no penalty or interest thereon may accrue or be assessed, then before such Impositions become delinquent or past due.

9.2 Contest. The County shall have the right to contest, at its sole cost and expense, the amount or validity of any Imposition applicable to any period during the Term of this Lease, by appropriate proceedings promptly initiated and diligently conducted in good faith. The County may postpone or defer payment of any such contested Imposition during the course of such proceedings, provided that neither the Premises nor any part thereof or interest therein would by reason of such postponement or deferment be in danger of being forfeited, sold or foreclosed for nonpayment of such Imposition. Upon

the termination of any such proceedings, the County shall pay the amount of such Imposition or part thereof as shall be finally determined in such proceedings to be payable (after exhaustion of any rights of appeal), the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees, interest, penalties or other liabilities in connection therewith.

9.2.1 Upon the written request of the County, the Foundation shall either join in such proceedings described in Section 9.2 above or permit the same to be brought in its name by the County, but in all cases at the sole cost and expense of the County. The Foundation shall not be responsible for or subjected to any liability for the payment of any costs, expenses, charges or other amounts of any kind whatsoever in connection with any such proceedings, and the County shall indemnify, defend and hold the Foundation harmless from any and all such costs, expenses, charges, amounts and liabilities arising out of such proceedings.

9.3 Foundation shall pay all taxes of whatever character that may be levied or charged upon Foundation's Equipment or other personal property on the Premises or upon Foundation's operations hereunder, including, without limitation, any amusement tax, excise tax, sales tax or other tax, whether the same is computed as a percentage of ticket price or in some other manner. Foundation shall also obtain and pay for all other licenses or permits necessary or required by law for the conduct of its operations hereunder.

## **ARTICLE 11**

### **FOUNDATION'S EQUIPMENT**

From time to time during the Term of this Lease, Foundation shall have the right to designate, by delivery of Notice to County prior to the installation of any such equipment, any equipment that is not necessary or integral to the daily operation of La Plaza de Cultura y Artes of which Foundation desires to retain ownership throughout the Term of this Lease (collectively, "Foundation's Equipment"). All Foundation's Equipment shall be the property of Foundation and Foundation shall have the right to remove same from the Premises upon the Expiration Date or earlier termination of this Lease. Foundation shall be obligated to maintain Foundation's Equipment in good condition and repair throughout the Term of this Lease. Foundation shall immediately repair at its expense all damages to the Premises caused by any removal of Foundation's Equipment therefrom, whether effected by Foundation, or any other Person. County shall not be responsible for any damage to, or loss, upgrading, replacement, maintenance or repair of Foundation's Equipment. The provisions of this Article 11 shall survive the termination of this Lease.

**ARTICLE 12**  
**ALTERATIONS**

12.1 Alterations. After the Completion Date for the Historic Rehabilitation and any other New Improvements, and subject to compliance with the California Environmental Quality Act, Foundation may make alterations, additions and renovations to the Existing Improvements or New Improvements (each of which is referred to herein as an "Alteration") only with the written approval of County, which approval may be granted or withheld in the County's sole and absolute discretion, unless any such proposed Alteration would increase the cost of maintaining and operating the Plaza de Cultura y Artes by an aggregate amount of less than One Hundred Thousand Dollars (\$100,000) annually, in which case County's approval or disapproval will be granted or withheld in County's reasonable discretion. Any such approved Alteration shall be made at Foundation's sole cost and expense. Prior to commencing any construction or other work in connection with any Alteration, Foundation shall, at Foundation's sole cost and expense, submit to County for County's approval (a) schematic, design development and construction drawings phases of Alteration Plans for the construction of such Alteration, prepared by or under the supervision of Foundation's Licensed Architect in accordance with the provisions of this Lease, (b) Foundation's General Contractor's written estimate of the cost of completing the construction of such Alteration, (c) evidence that Foundation has available all necessary funds required to pay for such Alteration, and (d) such additional information as may be reasonably required by County. If County disapproves any phase of the Alteration Plans, County shall so notify Foundation by written notice within thirty (30) days after County's receipt of such phase of the Alteration Plans, which notice shall set forth in reasonable detail the reasons for County's disapproval. If County fails to so notify Foundation within said thirty (30) day period, County shall be deemed to have disapproved the applicable phase of the Alteration Plans. County shall promptly meet and confer in good faith with Foundation to discuss the basis for any such disapproval. Foundation shall modify the applicable phase(s) of the Alteration Plans in accordance with County's comments and resubmit the revised Alteration Plans to County for County's approval as provided above. The design development and construction drawings phases of the Alteration Plans shall each be a Logical Evolution from the phase(s) of the Alteration Plans previously approved by County. The construction drawings phase of the Alteration Plans as approved by County shall be deemed to be "Approved Drawings" for purposes of compliance with Article 6 hereof. Any Alteration shall be performed and completed diligently and in a good and workmanlike manner in accordance with all of the provisions of this Article 12, all of the

Construction Requirements (except for those provisions which by their nature could not be applicable to such Alteration, e.g., the original construction deadlines) and the approved construction drawings phase of the Alteration Plans, and shall be of quality and class at least equal to the original work or installations in the Premises.

12.2 Prohibited Alterations. Foundation shall not, without the prior written consent of County, which shall not be unreasonably delayed or withheld, demolish or remove any structural element of any of the Existing Improvements or New Improvements.

## ARTICLE 13

### DAMAGE TO OR DESTRUCTION OF THE SITE OR IMPROVEMENTS

13.1 Foundation to Give Notice. If, at any time during the Term of this Lease, the Premises or any portion thereof shall be partially or totally damaged or destroyed, whether or not resulting from the fault or neglect of Foundation, or any of its agents or employees, Foundation shall deliver written notice thereof to County as soon as possible thereafter, generally describing the nature and extent of such damage or destruction.

#### 13.2 Restoration.

13.2.1 Subject to Sections 13.3 and 13.4 below, in the case of any substantial damage or destruction to all or a material portion of the Premises, if the insurance proceeds on account of such damage or destruction are sufficient for the purpose, or, in the event the Premises are self-insured by the County, the funds committed by the County in its sole discretion on account of such damage or destruction are sufficient for the purpose, Foundation shall have the option in its sole and absolute discretion to promptly commence and complete (subject to Unavoidable Delays) the restoration, replacement or rebuilding of the Premises. Foundation shall notify County in writing promptly after the occurrence of any such damage or destruction as to whether or not Foundation has elected to restore, replace or rebuild the Premises. Foundation shall perform such restoration, replacement or rebuilding in compliance with this Article 13 and the Construction Requirements (except for those which by their nature could not apply to this situation), and in accordance with the Approved Drawings, with such alterations and additions as may be made at Foundation's election, with County's reasonable approval, provided that Foundation provides satisfactory assurances to County that (a) Foundation has Available Funds which, together with insurance proceeds and/or County funds received, or which in the reasonable judgment of County and Foundation will be received, on account of such damage or destruction, are sufficient to pay for the restoration, rebuilding or replacement in accordance with the Approved

Drawings together with such alterations and additions, and (b) such alterations and additions will not materially increase the County's cost, ease or efficiency of maintaining, operating, or securing the Premises. Any such restoration, replacement or rebuilding, together with any applicable alterations and additions, and any temporary repairs of the Premises required pending completion of such work, whether performed pursuant to this Article 13 or Section 14.3 below, are referred to herein as "Restoration." Foundation shall provide adequate security and protection for the Premises during the course of any Restoration. If Foundation elects to undertake a Restoration of the damaged Premises, County shall make the insurance proceeds payable on account of such damage or destruction available to Foundation to pay for the costs of such Restoration as they are incurred.

13.2.2 In the event that, after a casualty resulting in substantial damage or destruction to all or a material portion of the Premises, Foundation for any reason elects not to undertake a Restoration of the Premises, notwithstanding the availability of sufficient insurance proceeds for such purpose, Foundation shall so notify County promptly in writing, this Lease shall terminate with respect to the damaged portion of the Premises, and the insurance proceeds payable or paid on account of such damage or destruction shall be paid to County. County shall then have the option, in County's sole and absolute discretion, to undertake the Restoration of the damaged Premises or to retain the insurance proceeds for any other use.

13.3 Casualty at End of Term. Notwithstanding any provision of this Article 13 to the contrary, if all or any substantial portion of the Premises are damaged or destroyed during the last ten (10) years of the initial sixty-six (66) year Term of this Lease, or at any time during the Term of the thirty-three (33) year extension period, then County shall have the option, in its sole and absolute discretion, to decide whether to make any insurance proceeds payable on account of such damage or destruction available for the Restoration of the Premises. If County elects not to make such insurance proceeds available for a Restoration, this Lease shall terminate with respect to the damaged portion of the Premises, and all insurance proceeds payable or paid on account of such damage or destruction shall be paid to County, to be used as County elects in its sole and absolute discretion. If County elects to make such insurance proceeds available for a Restoration, County shall so notify Foundation and Foundation shall have the option, in its sole and absolute discretion, to perform the Restoration of the Premises (which shall be done in accordance with Section 13.2.1 above). If Foundation for any reason elects not to undertake such Restoration of the Premises, Foundation shall so notify County promptly in writing, this Lease shall terminate with respect to the damaged portion of the Premises, and the insurance

proceeds payable or paid on account of such damage or destruction shall be paid to County. County shall then have the option, in County's sole and absolute discretion, to undertake the Restoration of the damaged Premises or to retain the insurance proceeds for any other use.

13.4 Insufficient Proceeds. Subject to Section 13.3 above, if all or any substantial portion of the Premises are damaged or destroyed and there are either no insurance proceeds, insufficient insurance proceeds or insufficient County funds to complete the Restoration of the Premises, Foundation shall as promptly as practicable notify County of its election either to (a) commence and complete (subject to Unavoidable Delays) Restoration of the damaged Premises, in which case Foundation shall be responsible to pay the entire cost of such Restoration in excess of the available insurance proceeds and/or County funds, or (b) if the insurance proceeds made available by County are sufficient, remove any rubble and cause the portion of the Site occupied by the damaged Improvements or New Improvements with respect to which Foundation has elected not to undertake Restoration to be restored to a safe condition and, upon completion of such removal and restoration, this Lease shall terminate with respect to such portion of the Premises. Promptly after making such election, Foundation shall undertake the chosen course of action and diligently prosecute such course to completion. If Foundation elects to undertake a Restoration of the Premises as provided in clause (a) above, County shall make the insurance proceeds, if any, payable on account of such damage or destruction available to Foundation to pay for the costs of such Restoration as they are incurred. If Foundation elects not to undertake a Restoration of the Premises and elects to do the work as provided in clause (b) above, County shall make insurance proceeds, if any, payable on account of such damage or destruction available to Foundation to pay for the costs of such removal and restoration to a safe condition, and County and Foundation shall negotiate a mutually acceptable use on the Premises for any remaining insurance proceeds. If such insurance proceeds are not sufficient to enable Foundation to pay for the costs of such removal and restoration to a safe condition and Foundation elects not to undertake a Restoration of the Premises, this Lease shall terminate with respect to the damaged or destroyed portion of the Premises and Foundation shall bear no further liability for or with respect to such portion.

## **ARTICLE 14**

### **TAKINGS**

14.1 Foundation to Give Notice. If at any time during the Term a Taking occurs, or any proceedings or negotiations commence which might result in a Taking, Foundation shall immediately deliver written notice thereof to County generally describing the nature and extent of such Taking or the

nature of such proceedings or negotiations and the nature and extent of the Taking which might result there from, as the case may be.

14.2 Total Taking. In case of a Taking of all of the Premises, or such a substantial portion of the Premises that the part of the Premises remaining after such Taking (even if a Restoration were undertaken) would be unsuitable or economically infeasible, in County's opinion, after good faith consultation with Foundation, to continue any of the then current uses of the Premises, then this Lease shall terminate as of the date title vests in the condemning authority or the date the condemning authority is entitled to possession, whichever first occurs. Any Taking of the Premises of the character referred to in this Section 14.2 is referred to herein as a "Total Taking."

14.3 Partial Taking. In the event of any Taking of the Premises other than a Total Taking (a "Partial Taking"), (a) this Lease shall remain in full force and effect (and the Term shall not be reduced or affected) as to the portion of the Premises remaining immediately after such Partial Taking, and (b) Foundation, to the extent Net Awards, if any, shall be sufficient for the purpose, shall within a reasonable period of time commence and complete, subject to Unavoidable Delays, Restoration of the Premises as nearly as possible to the value, condition and character thereof immediately prior to such Partial Taking. Foundation shall perform such Restoration in compliance with the Construction Requirements and in accordance with the Approved Drawings, with such alterations and additions as may be made at Foundation's election, with County's reasonable approval, provided Foundation provides satisfactory assurances to County that (a) Foundation has sufficient funds available to complete such alterations and additions, and (b) such alterations and additions will not materially increase the cost of maintaining or operating the Premises; provided further, however, that in case of a Taking for temporary use Foundation shall not be required to effect a Restoration until such Taking shall have terminated.

14.4 Application of Net Awards. Awards and other payments on account of a Taking, less costs, fees and expenses incurred in the collection thereof ("Net Awards") shall be applied as follows:

14.4.1 Partial Taking. In case of a Partial Taking, Foundation shall furnish to County evidence of the total cost of the Restoration required by Section 14.3 above. Net Awards received on account of a Partial Taking shall be applied to pay the cost of the Restoration of the Premises, provided that, in the case of a Taking for temporary use, Foundation shall not be obligated to effect a Restoration until such Taking shall have terminated. Foundation's obligation to restore shall be limited to the amount of the Net Awards. The balance, if any, remaining after the required Restoration shall be paid to County except in the event that County is the governmental entity performing the Partial Taking, in

which event such balance shall be paid to Foundation; and

14.4.2 Total Taking. Net Awards received on account of a Total Taking shall be paid to County except in the event that County is the governmental entity performing the Taking, in which event the Net Awards shall be paid to Foundation.

## ARTICLE 15

### COMPLIANCE WITH ENVIRONMENTAL LAWS

15.1 Foundation's Covenant. Foundation shall never cause or, subject to Section 15.4 below, with Foundation's actual knowledge, permit any Hazardous Material to be placed, held, located, used or disposed of on, under or at the Premises or any part thereof or disposed of or discharged from the Premises into the atmosphere, soil or any watercourse, body of water or wetlands, at any time during the Term, except to the extent placed or used on the Premises in the manner permitted by applicable law. For purposes of this Lease, the term "Hazardous Material" means any material or substance defined as a hazardous, toxic or dangerous substance, waste or material in any Federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, now or at any time hereafter in effect (collectively referred to herein as "Environmental Laws").

15.2 Violation of Foundation's Covenant. If Foundation causes or, subject to Section 15.4 below, with Foundation's actual knowledge, permits any Hazardous Material to be placed, held, located, used or disposed of on, under or at the Premises in violation of Foundation's covenant set forth in Section 15.1 above, Foundation shall contain, abate or control such Hazardous Material and, if necessary, remove and dispose of same, in accordance with all applicable Environmental Laws and Legal Requirements. If Foundation fails to undertake such action within (a) sixty (60) days after Foundation's receipt of written notice from County requiring Foundation to undertake such action (or such longer period as reasonably may be required, provided Foundation is diligently attempting to complete such action), or (b) such shorter period as may be required by any Environmental Law or Legal Requirement, County may (but shall not be obligated to) cause such action to be taken by a third party contractor or contractors after giving Foundation at least ten (10) days' notice of its intention to do so, and the amount of any cost or expense therefore shall be paid immediately by Foundation. If County makes any payment or incurs any costs or expenses in connection therewith, such amounts, together with interest thereon from the date paid by County, shall be deemed Additional Rent, payable by Foundation to County on demand.

15.3 Foundation's Indemnification. Foundation hereby indemnifies County and agrees to defend and hold County harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims which at any time or from time to time may be paid, incurred or suffered by, or asserted against, County for, with respect to or as a direct or indirect result of, the violation by Foundation of its covenant contained in Section 15.1 above.

15.4 County's Indemnification. Notwithstanding any other provision of this Article 15, but subject to Sections 5.2 and 5.3 above, Foundation shall have no liability with respect to, and County hereby indemnifies Foundation and agrees to defend and hold Foundation harmless from and against all liability, loss, damage, costs, or expenses arising out of or as a result of, any Hazardous Material (a) previously existing or ongoing on, under, within or at the Site as of the Execution Date, (b) migrating in the future from neighboring property to the Site as a result of a condition existing upon such neighboring property as of the Execution Date, or (c) placed, held, located, used, stored or disposed of at, in or on the Premises by County in the performance of its maintenance and operation obligations hereunder.

15.5 Survival. Foundation's and County's respective liabilities for the undertakings and indemnifications set out in this Article 15 shall survive the termination of this Lease.

## ARTICLE 16

### COMPLIANCE WITH LEGAL REQUIREMENTS AND INSURANCE REQUIREMENTS

16.1 Compliance with Legal Requirements. Foundation shall, at Foundation's sole cost and expense, comply with all Legal Requirements applicable to the Premises or the construction, use, operation or occupation thereof whether or not such compliance shall be required on account of any particular use to which the Premises or any part thereof may be put, or is of a kind now within the contemplation of the parties hereto, except that nothing in this Lease shall require the Foundation to make structural changes to the Existing or New Improvements to comply with future Legal Requirements which did not apply to any construction performed by the Foundation at the time the Notice to Proceed for that construction was issued. Foundation acknowledges that nothing in this Lease is intended to satisfy, waive or otherwise affect any of the Legal Requirements imposed by County, acting in its governmental capacity.

16.2 Contest of Legal Requirements. Foundation may contest in good faith at its sole cost and expense any Legal Requirement, provided that such contest does not result in a lien, charge, encumbrance or liability against the Premises and noncompliance therewith while contesting such Legal

Requirement shall not constitute a crime or offense punishable by fine or imprisonment. Foundation's good faith noncompliance with such Legal Requirement during such contest shall not be deemed a breach of this Lease, provided that Foundation shall indemnify County and defend and hold County harmless from and against all liability, costs, claims, damages, interest, penalties and expenses incurred by County in connection with such contest or noncompliance, and shall prosecute such contest in good faith and with due diligence to a final determination by the court, authority or governmental body having jurisdiction.

16.3 Compliance with Insurance Requirements. Neither Foundation nor County shall permit to be done any act or thing upon the Premises that would invalidate or be in conflict with the terms of any fire and/or casualty insurance policies covering the Premises and the personal property thereon. Foundation shall comply with all present and future Insurance Requirements, and neither Foundation nor County shall knowingly do or permit anything to be done in or upon the Premises, or bring or keep anything therein or use the same in any manner, which could result in the denial of such fire and casualty insurance coverage.

16.4 Contest of Insurance Requirements. If during any Construction Period any Insurance Requirement shall require Foundation to perform any work or meet any condition which Foundation in good faith may deem unfair, unreasonable, or otherwise improper, Foundation may, at Foundation's sole cost and expense, contest the validity of such Insurance Requirement, provided that noncompliance therewith shall not adversely affect the Premises, or result in the cancellation or interruption of any insurance coverage required hereunder, or result in the creation of any lien, charge, encumbrance or other liability against the Premises. Foundation's good faith noncompliance with such Insurance Requirement during such contest shall not be deemed a breach of this Lease, provided that Foundation shall indemnify County and defend and hold County harmless from and against all liability costs, claims, damages, interest, penalties and expenses incurred by County in connection with or arising because of such contest or noncompliance, and shall prosecute such contest in good faith and with due diligence to a final determination. Such right to contest applies only to the requirements imposed by insurers under insurance policies, and does not apply to the requirements relating to insurance to be maintained under this Lease.

## ARTICLE 17

### UTILITIES AND SERVICES

All utilities, except for telephone, television and other communication services, shall be provided

to the Premises by County. County shall pay or cause to be paid when due all service charges for gas, water, sewer, electricity, heat, power and all other utilities or services used, rendered or supplied to, upon or in connection with the Project. Foundation shall pay or cause to be paid all charges for telephone or other communications services used, rendered, or supplied to, upon or in connection with the Project. For telephone and television service (or anything else not furnished by County) all deposits, installation costs, meter deposits and service charges shall be paid by the party serviced.

## ARTICLE 18

### INSURANCE AND INDEMNIFICATION

18.1 During Any Construction Period. Insurance requirements during any Construction Period shall be set forth in a Construction Authorization Agreement to be agreed to by the parties at such times as Foundation desires to perform any construction on the Site.

18.2 Insurance After the Execution Date.

18.2.1 Coverage Required. At all times after the Execution Date, County shall keep in effect, the following insurance coverage:

(a) All Risk. An "all risk" policy or policies covering the Premises, insuring against loss or damage caused by fire, lightning, flood and the additional perils included in standard extended coverage and in "all risk" policies, in an amount equal to at least one hundred percent (100%) of the full replacement cost of the Premises, and including a deductible not to exceed One Million Dollars (\$1,000,000) in any calendar year, or such greater amount as may be determined by County from time to time to conform to liability coverage amounts then customarily maintained for premises similarly situated, as may be recommended by County's risk management officer or an independent insurance consultant retained by County for that purpose; provided, however, that County's obligation under this clause (a) may be satisfied by a program of self-insurance in accordance with Section 18.2.4 below;

(b) Earthquake. Earthquake coverage insuring the improvements in an amount not less than the probable maximum loss which the Premises may sustain in an earthquake, less a deductible not to exceed ten percent (10%) of the replacement cost of the Premises; provided, however, that if County cannot secure such policy of insurance required to be maintained by County under this clause (b) from reputable insurers at a reasonable premium cost, and if County cannot place a Blanket Policy with such coverage with reputable insurers at a reasonable premium cost, County will not be required to carry any such insurance coverage; provided, however, that County's obligation under this

clause (b) may be satisfied by a program of self-insurance in accordance with Section 18.2.4 below;

(c) Commercial General Liability. Commercial general liability insurance against claims for bodily injury, personal injury, or death and property damage occurring upon, in or about the Premises, and on, in or about the adjoining sidewalks and passageways, providing coverage in the sum of at least One Million Dollars (\$1,000,000) combined single limit per occurrence, or such greater amount as may be determined by County, from time to time throughout the Term, subject to the adjustment of such amounts from time to time to conform to the liability coverage then customarily maintained for premises similarly situated; provided, however, that County's obligation under this clause (c) may be satisfied by a program of self-insurance in accordance with Section 18.2.4 below;

(d) Boiler and machinery. Boiler and machinery insurance policies, insuring against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus located on the Premises with a limit of liability not less than Five Million Dollars (\$5,000,000) per occurrence; provided, however, that County's obligation under this clause (d) may be satisfied by a program of self-insurance in accordance with Section 18.2.4 below;

(e) Workers' Compensation. During the period of any work on or about the Premises, workers' compensation insurance as required by Section 3700 of the California Labor Code, such insurance to cover all persons employed by County in connection with the Premises, including employer's liability insurance with a limit of not less than One Million Dollars (\$1,000,000) or such greater amount as County shall reasonably require; provided, however, that County's obligation under this clause (e) may be satisfied by a program of self-insurance in accordance with Section 18.2.4 below; and

(f) Other Policies. Such other insurance in such amounts as may from time to time be reasonably required by County against such insurable hazards as are then commonly insured against for properties similarly situated.

18.2.2 Delivery of Policies by County. On or before the Execution Date, and thereafter not less than fifteen (15) days after renewal of any renewed policies theretofore furnished pursuant to this Section 18.2, County shall furnish or cause to be furnished to Foundation a certificate of insurance containing a statement of insurance then in force and stating that the insurance then in force complies with the provisions of this Lease and that the premiums thereon have been paid. County shall keep the original policies and deliver or cause to be delivered to Foundation certified copies of the insurance policies required hereunder and appropriate endorsements. With the exception of Workers'

Compensation insurance, Foundation shall be named as an additional insured on all such insurance policies.

18.2.3 Blanket Policy. All insurance policies required to be maintained by County under this Section 18.2, except for worker's compensation insurance, may be effected by inclusion of the Premises in a blanket policy covering other properties owned, leased or controlled by County, provided that the coverage limits, in the aggregate, afforded under any Blanket Policy shall not be less than the respective coverages required to be maintained pursuant to Subsections 18.2.1(a), (b), (c), and (d) above (except to the extent that earthquake coverage is not available at a reasonable premium cost, in which event such Blanket Policy will not be required to contain earthquake coverage). Foundation acknowledges that the aggregate limits of any Blanket Policy may be less than the sum of the required coverages for all insured properties, and that the proceeds payable under any such Blanket Policy could be insufficient to satisfy all covered losses in the event that more than one insured property were the subject of a single, simultaneous, covered loss. In all other respects any Blanket Policy shall comply with the other, provisions of this Article 18. In the event County elects to include the Premises in a Blanket Policy, County shall deliver notice to Foundation stating coverages and deductibles that County intends to insure through such Blanket Policy.

18.2.4 Self-Insurance. To the extent that County self-insures as permitted above, County's risk manager, or an independent insurance consultant, shall annually certify to Foundation the sufficiency of such self-insurance. Notwithstanding anything to the contrary contained in this Section 18.2, County shall not be required to maintain or cause to be maintained more insurance than is specifically referred to above, or any policies of insurance if such policies of insurance with standard terms and deductibles cannot be obtained by County from reputable insurers at a reasonable cost in the open market (in which event County shall be required to self-insure in amounts equal to the insurance amounts required to be maintained above, except with respect to earthquake insurance described in Section 18.2.1(b) above).

18.2.5 Requirements for County's Policies. All insurance policies required to be carried by County under this Lease shall be effected under valid and enforceable policies issued by (a) reputable domestic insurers having a rating in the current Best's Guide of A or better and being in a financial size category of X or greater in Best's Guide (or a comparable rating and financial category in Best's Guide if Best's rating system or financial classification changes, or in any similar insurance guide if Best's Guide is no longer published), or (b) other reputable nondomestic insurers meeting the standards adhered to by

the County of Los Angeles in obtaining all of its insurance policies, in either case all such insurers being licensed to transact and transacting business in the State of California.

18.3 Required Provisions. All insurance policies required to be maintained under this Lease shall be for a term of not less than one (1) year, and shall provide:

18.3.1 an adequate cross-liability provision ensuring that the full amount of any losses sustained shall be payable notwithstanding any act, omission or negligence of County or Foundation which might otherwise result in forfeiture of such insurance including, without limitation, a waiver by any insured prior to a loss, of any or all rights of recovery against any party for losses covered by such policies;

18.3.2 a waiver of all rights of subrogation to the extent permitted under such insurance policies against any named insured;

18.3.3 that except for third party claims involving general and property damage liability and worker's compensation insurance, all claims (a) not exceeding Two Hundred Fifty Thousand Dollars (\$250,000) shall be adjusted solely by County, and (b) greater than Two Hundred Fifty Thousand Dollars (\$250,000) shall be adjusted jointly by County and Foundation; provided, however, that all insurance proceeds payable on account of any casualty resulting in damage or destruction shall be paid directly to County to be applied in accordance with the provisions of this Lease;

18.3.4 that except for workers' compensation policies, the policies shall list as named insureds, as their interests may appear, County, Foundation, members of their boards and commissions, officers, agents, employees, contractors, invitees and volunteers, and shall provide coverage on a "primary" basis with respect to such named insureds regardless of (a) any other insurance that County or such other insureds may elect to purchase or maintain (such other insurance shall be in excess of the insurance required hereunder and not contribute with it), or (b) any failure of any such Person to comply with the reporting provisions of such policies;

18.3.5 that such policies shall not be suspended, voided, canceled, reduced in coverage or in limits or materially changed without at least thirty (30) days' prior written notice to County and Foundation; and

18.3.6 that the insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

18.4 Insurance Rebates. Foundation shall be entitled to receive any insurance rebates payable in connection with insurance policies required to be maintained by Foundation during any Construction

Period, no matter when paid. County shall be entitled to receive and retain any insurance rebates payable in connection with insurance policies required to be maintained by County under this Lease.

18.5 Notification of Incidents, Claims or Suits. Foundation shall report to County any accident or incident relating to services performed under this Lease or activities on the Premises which involves injury or property damage which might reasonably be thought to result in the filing of a claim or lawsuit against the Foundation and/or County. Such report shall be made in writing within 72 hours of Foundation's knowledge of such occurrence.

18.6 Foundation Indemnity. Foundation shall indemnify, defend and hold harmless County, and its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with Foundation's acts and/or omissions arising from and/or relating to this Lease Agreement and its use of the Premises, including, but not limited to, liability arising out of or with respect to any copyright infringement or claims by any parties to any performance contracts or other contracts entered into by Foundation with respect to the Project, providing such liability is not due to the sole negligence or willful misconduct of County. This indemnity shall apply to all activities and operations at, on or from the Premises that relate to Foundation's use, including, but not limited to, ingress, egress and parking. The foregoing is not intended to and shall not relieve any insurance carrier of its obligations under policies required to be effective under this Lease Agreement.

18.7 County Indemnity. County shall indemnify, defend and hold harmless Foundation, its elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with County's acts and/or omissions arising from and/or relating to this Lease Agreement but only to the extent such acts and omissions constitute the sole negligence or willful misconduct of County.

18.8 Survival. Foundation's and County's liability for the undertakings and indemnifications set out in this Article shall survive the termination of this Lease.

## ARTICLE 19

### LEASE TRANSFER

19.1 Consent Requirement for Lease Transfer. Except as otherwise provided in this Article 19, no Lease Transfer shall be valid. As used in this Lease the term "Lease Transfer" shall mean any

assignment, sublease, license agreement, concession agreement, management agreement, mortgage, deed of trust, pledge, encumbrance or any other agreement or instrument pursuant to which Foundation or any Person comprising Foundation attempts to transfer to any other Person any interest in the Premises or any portion thereof; provided, however, that the term "Lease Transfer" shall not include any agreements entered pursuant to Section 19.3 below. Any transfer of Control of Foundation, or change in the primary mission of the Foundation to celebrate, promote and preserve the understanding and appreciation of the El Pueblo de Los Angeles Historical District by providing facilities and services to celebrate and display the cultural richness of its people and heritage through education, cultural and arts programming, shall be deemed to be a Lease Transfer. Any Lease Transfer in violation of this Article 19 shall be void and of no effect.

19.2 Permitted Assignments. Foundation may not participate in any Lease Transfer without first obtaining County's written consent, which may be granted or withheld in County's sole and absolute discretion.

19.3 Other Agreements. At any time after the Execution Date, Foundation, may enter into agreements or amendments thereof, from time to time with Persons who will perform services on behalf of Foundation or in furtherance of Foundation's management and operation of the Project and, provided any such agreement complies with the terms of this Article 19 and the M&O Agreement, any such agreements or amendments shall not be deemed to be Lease Transfers.

19.4 Conditions for All Assignments. Any permitted assignment of this Lease shall be in writing, in form and substance reasonably satisfactory to County, and shall be executed by the assignee who shall therein and thereby assume this Lease and all of the agreements, terms, obligations, liabilities, covenants and conditions hereof on the part of Foundation to be performed after the effective date of such assignment until the Expiration Date of the Term. Foundation shall deliver to County a duplicate original of such assignment and assumption, in recordable form, before the same shall be effective. An assignment and assumption agreement meeting the requirements of this Section is referred to herein as a "Lease Assignment." This Article 19 shall apply to each assignee of this Lease, and each assignee shall have the right to assign this Lease only in accordance with the provisions of this Article 19.

19.5 Release of Foundation. Upon the closing of any assignment of Foundation's entire interest under this Lease permitted pursuant to Section 19.2 above, and the delivery to County by Foundation of a counterpart, executed by Foundation and the assignee, of the Lease Assignment required by Section 19.4 above, Foundation shall be released and relieved of all further liability under this Lease that arises

out of or relates to any act or omission occurring from and after the effective date of such Lease Assignment. Each subsequent assignee, upon making a further Lease Assignment in compliance with the conditions set forth in this Article 19, shall be released and relieved of all further liability under this Lease that arises out of or relates to any act or omission occurring from and after the effective date of such further Lease Assignment. Any such release shall be self-operative, provided that County shall within fifteen (15) Business Days after receipt of a written request from Foundation deliver an Officer's Certificate acknowledging such release (but excluding from such release any claims pending or unknown as of the effective date of such Lease Assignment) upon compliance by Foundation with the conditions of this Article 19.

19.6 No Waiver. The consent by County to any Lease Assignment hereunder shall not in any way be construed to relieve Foundation's permitted assignee from obtaining the express consent in writing of County to any further Lease Assignment.

## ARTICLE 20

### ENTRY AND USE BY COUNTY

20.1 Right to Enter. In addition to the inspection rights granted to County pursuant to Section 6.7.1 above, Foundation hereby grants County, its agents and independent contractors the right to enter the Premises after the Project Commencement Date at any reasonable times to carry out its obligations hereunder, provided, however, that except in the event of an emergency or a security-related matter, County will not enter the Premises in any manner that would unnecessarily or unreasonably interfere with any activities being conducted on the Premises.

20.2 Inspection. County and its agents and independent contractors shall have the right, during reasonable business hours and upon reasonable notice to Foundation (except in case of any emergency or a security-related matter, in which event no time restriction shall apply), to enter the Premises to inspect them for the purpose of determining whether Foundation is in compliance with the terms of this Lease; provided, however, that such entry shall not unnecessarily or unreasonably interfere with any activities being conducted on the Premises (except in case of any emergency or security-related matter, in which case no such limitation shall apply). Nothing contained in this Section or elsewhere in this Lease shall limit the rights and powers of the County of Los Angeles, acting in its governmental capacity, to enter and inspect the Premises as required or permitted by any Legal Requirements of the County of Los Angeles.

20.3 Right to Use. County may, without payment of rent to Foundation, use the Premises or a

portion thereof for County-hosted or County-sponsored theater, musical and other cultural events presented under the aegis of the Board of Supervisors or for other special events, if such use does not conflict or interfere with previously scheduled activities of Foundation. Such use shall be upon written Notice to Foundation not less than ten (10) calendar days prior to the date of the event.

## **ARTICLE 21**

### **EVENTS OF DEFAULT; TERMINATION**

21.1 Events of Default by Foundation. Each of the following shall constitute an Event of Default by the Foundation under this Lease.

21.1.1 Failure to Secure the Site and/or Improvements. Foundation's failure to secure the Site and/or secure and maintain partially-constructed New Improvements to the County's reasonable satisfaction and as required by Section 6.7.2, following Foundation's abandonment or substantial suspension of construction of any New Improvements on the Site for any reason, and such failure continues for a period of sixty (60) days after receipt of a Notice from County to secure the Site and/or mothball the New Improvements or, if such performance cannot reasonably be completed within such sixty (60) day period, then subject to Unavoidable Delays, Foundation's failure to commence such performance in good faith within such sixty (60) day period or failure to diligently and continuously proceed therewith to completion of such performance, within a reasonable period after such Notice shall constitute a default of Foundation's obligations under the Lease.

21.1.2 Failure to Timely Complete Construction. Foundation's failure to obtain the Certificate of Completion for any New Improvements by the first (1<sup>st</sup>) anniversary of the date such construction was scheduled to be completed pursuant to the CPM Schedule, subject to Foundation's right to extend such time period pursuant to Section 6.3.2 hereof shall constitute a default in Foundation's obligation under this Lease to diligently complete construction it has undertaken; or

21.1.3 Failure to Perform. Foundation's failure to perform or comply with any of the material agreements, terms, covenants or conditions of this Lease or the M&O Agreement to be performed or complied with by Foundation in any material respect, and such nonperformance or noncompliance continues for a period of sixty (60) days after receipt of Notice from County or, if such performance cannot reasonably be completed within such sixty (60) day period, then subject to Unavoidable Delays, Foundation's failure to submit a plan to cure the nonperformance to the County for its approval or failure to commence such performance in good faith within such sixty (60) day period or failure to diligently and continuously proceed therewith to completion of such performance, within a

reasonable period after such Notice shall constitute a default of Foundation's obligations under the Lease.

21.2 County Remedies. Upon the occurrence of an Event of Default, subject to Article 29, and at any time thereafter until Foundation shall have cured such Event of Default the County shall have the following remedies:

21.2.1 Termination. County shall have the right to terminate this Lease and Foundation's right to possession of the Premises by giving Notice of such termination to Foundation, which Notice shall specify the Event of Default claimed and the date for termination, and upon such date this Lease and the estate of Foundation and Foundation's right to possession hereunder, and all of Foundation's right, title and interest hereunder and in and to the Premises, shall terminate, as if the date of termination were the Expiration Date of the Term.

21.2.2 Passage of Title to County. If this Lease shall be terminated as provided above all of the right, title, estate and interest of Foundation in and to (a) the Premises including, without limitation, any New Improvements and any Alteration thereto, (b) all insurance policies (except blanket policies) with respect to the Premises, and all proceeds thereof, and (c) all personal property located at and/or used in connection with the Premises except for Foundation's Equipment, shall automatically pass to, vest in and belong to County without further action on the part of either party, free of any claim thereto by Foundation. Subject to the rights of any third parties pursuant to the terms of any nondisturbance agreements executed by County applicable to the Premises, after any such termination, County may remove any or all persons in possession of the Premises, and take possession thereof.

21.2.3 County's Right to Cure. Subject to any applicable conditions and limitations set forth elsewhere in this Lease, County may, if it so desires in County's sole and absolute discretion and without any obligation whatsoever to do so, perform or cause to be performed any of Foundation's unperformed obligations hereunder. County may enter the Premises for the purpose of correcting or remedying any default by Foundation and remain therein until such default has been corrected or remedied, but such performance by County shall not be deemed to waive or release Foundation's default or the right of County to take any action provided herein or permitted by law in the case of such default. The amount of any cost, expense or expenditure incurred by County in connection therewith together with interest thereon from the date paid by County shall be deemed Additional Rent, payable by Foundation to County on demand. No such action by County shall terminate this Lease or Foundation's right to possession.

(a) County's Obligation to Cure. Notwithstanding the immediately preceding Section 21.2.3, in the event of a default by Foundation of its obligations in connection with the Historic Rehabilitation required pursuant to Section 6.1.1 herein, County shall perform or cause to be performed Foundation's unperformed obligations hereunder to commence and complete the Historic Rehabilitation and amounts expended by County in connection therewith shall not be deemed Additional Rent payable by the Foundation.

21.2.4 Suit for Damages. At any time that an Event of Default shall have occurred and be continuing, or at any time after termination of this Lease pursuant to Section 21.2.1 above, County may sue to recover from Foundation any and all damages necessary to compensate County for the detriment proximately caused by an Event of Default by Foundation of its obligations under this Lease, including, but not limited to (a) all amounts payable hereunder which are due, owing and unpaid by Foundation to County at the time any such suit is brought, including without limitation the cost incurred by County of performing Foundation's obligations in default hereunder, (b) in the event that Foundation is the Guarantor, all amounts required to complete the construction of any New Improvements, and (c) in the case of termination, such costs and expenses as County may incur in recovering possession of the Premises, removing persons or property therefrom, and in connection with the appointment of and the performance by a receiver to protect the Premises. Suit or suits for the recovery of any deficiency or damages may be brought by County from time to time at County's election.

21.3 Remedies Cumulative. In the event of a breach of this Lease by Foundation, County shall have the right of injunction to restrain the same and the right to invoke any remedy allowed by law or in equity, as if specific remedies, indemnity or reimbursement were not herein provided including, without limitation, the right to initiate an expedited action for injunctive relief, in the event that Foundation shall have commenced construction of any New Improvements prior to receipt of County's acknowledgement or County's deemed acknowledgement that all of the Construction Commencement Conditions have been satisfied as provided in Section 6.3 above. The provision in this Lease for any remedy shall not preclude County from any other remedy at law or in equity, and the rights and remedies given to County in this Lease are distinct, separate and cumulative, and no one of them, whether or not exercised by County, shall be deemed to be in exclusion of any other right or remedy provided herein, by law or equity, or pursuant to any other agreement between County and Foundation.

21.4 County's Default. At any time that County shall have failed to perform or comply with any of the terms, agreements, covenants or conditions hereof on County's part to be performed or complied

with, and such nonperformance or noncompliance shall continue for a period of sixty (60) days after Notice from Foundation or, if such performance cannot reasonably be completed within such sixty (60) day period, subject to Unavoidable Delays, County shall not have commenced such performance in good faith within such sixty (60) day period or shall not diligently and continuously be proceeding therewith to completion of such performance within a reasonable period after such Notice, Foundation shall have the following remedies: (a) Foundation, from time to time at Foundation's election, may sue to recover from County any and all damages necessary to compensate Foundation, for the detriment proximately caused by County's failure to perform its obligations under this Lease, including, without limitation, all amounts payable hereunder which are due, owing and unpaid by County to Foundation at the time of such suit or the termination of this Lease; (b) Foundation shall have the right of injunction to restrain any such nonperformance or noncompliance and the right to invoke any remedy allowed by law or in equity, as if specific remedies, indemnity or reimbursement were not herein provided. The provision in this Lease for any remedy shall not preclude Foundation from any other remedy at law or in equity. The rights and remedies given to Foundation under this Lease are distinct, separate and cumulative, and no one of them, whether or not exercised by Foundation, shall be deemed to be in exclusion of any of the others herein or by law or equity provided or provided pursuant to any other agreement between County and Foundation.

## **ARTICLE 22**

### **501(C)(3) ORGANIZATION**

Foundation hereby covenants that, as long as Foundation enjoys any benefit from the Project, Foundation will take all actions required to maintain, and Foundation will not take any actions that would threaten Foundation's status as a 501(c)(3) organization until after the Expiration Date.

## **ARTICLE 23**

### **ESTOPPEL CERTIFICATES**

Each party will execute, acknowledge and deliver to the other party within ten (10) Business Days after a written request therefore, an Officer's Certificate certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and stating the modifications), and (b) (i) in the case of such a certificate delivered by Foundation, that Foundation has received no notice of any Event of Default which has not been cured, except defaults specified in said certificate and that, to Foundation's knowledge, there are then existing

no facts which, with the passage of time or delivery of notice, or both, would constitute an Event of Default hereunder, or (ii) in the case of such a certificate delivered by County, whether or not, to the knowledge of County, there are then existing any facts which, with the passage of time or delivery of notice, or both, would constitute an Event of Default by Foundation.

## **ARTICLE 24**

### **END OF LEASE TERM**

Subject to the rights of any third parties pursuant to the terms of any nondisturbance agreements executed by County applicable to the Premises, upon the Expiration Date or earlier termination of this Lease, Foundation shall peaceably and quietly quit, surrender and yield up to County the Premises and all personal property located thereon and used in connection therewith, except Foundation's Equipment, in good order and condition, ordinary wear and tear excepted, free and clear of all lettings, occupancies, liens or encumbrances other than any other encumbrances placed on the Site or the Premises pursuant to the terms of this Lease. Foundation hereby agrees to execute, acknowledge and deliver, promptly and without payment therefore or other cost to County, all documents as County may request to evidence any such termination or transfer of the Premises to County, including, without limitation, a quitclaim deed in form reasonably satisfactory to County.

## **ARTICLE 25**

### **NOTICES**

Any notice, demand, request, consent, approval or communication (each of which is herein referred to as a "Notice") which either party hereto desires or is required to give or cause to be given to the other shall be in writing and shall be delivered or addressed to such other party at the address set forth below or to such other address as that party from time to time directs by Notice given in the manner here prescribed, and such Notice shall be deemed to have been given or made when communicated by personal delivery or by independent courier service or by facsimile transmission, or if by mail then the earlier to occur of when actually received or on the third Business Day after the deposit thereof in the United States mail in Los Angeles County, California, postage prepaid, registered or certified, addressed as hereinafter provided. All Notices shall be addressed as follows:

**If to the County:**

County of Los Angeles  
Chief Administrative Office  
713 Kenneth Hahn Hall of Administration  
500 West Temple Street

Los Angeles, California 90012  
Attention: Chief Administrative Officer  
Facsimile Number: (213) 687-7130

With a copy to:

County of Los Angeles  
Office of the County Counsel  
648 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012  
Attention: County Counsel  
Facsimile Number: (213) 626-7446

If to Foundation:

La Plaza de Cultura y Artes Foundation  
624 North Main Street  
Los Angeles, California 90012  
Attention: Executive Director  
Facsimile: (213) 620-0090

**ARTICLE 26**

**GENERAL PROVISIONS**

26.1 Nonmerger. There shall be no merger of this Lease, nor of the leasehold estate created by this Lease, with the fee estate in the Site by reason of the fact that this Lease or the leasehold estate created by this Lease or any interest in this Lease or any such leasehold estate may be held, directly or indirectly, by or for the account of any Person or Persons who shall own the Site, or any interest therein. No such merger shall occur unless and until all Persons at the time holding the estates or interests to be merged shall join in a written instrument effecting such merger and shall duly record the same.

26.2 Entire Agreement. This Lease sets forth all of the agreements, conditions and understandings between County and Foundation relating to the leasing of the Premises and the construction of the New Improvements, and there are no promises, agreements, conditions, understandings, warranties or representations, oral or written, expressed or implied, between County and Foundation other than as set forth or referred to herein.

26.3 No oral Modification. No statement, action or agreement hereafter made shall be effective to amend, waive, modify, discharge, terminate or effect an abandonment of this Lease in whole or in part unless such agreement is in writing and signed by the party against whom such amendment, waiver, modification, discharge, termination or abandonment is sought to be enforced.

26.4 Successors and Assigns. Except as specifically set forth herein, covenants and agreements herein contained shall be binding upon and inure to the benefit of County and Foundation and their

respective successors and permitted assigns.

26.5 Table of Contents and Section Headings. The table of contents and Article and Section headings are inserted herein only for convenience and are in no way to be construed as part of this Lease, or as indicative of the meaning of the provisions of this Lease or the intention of the parties, or as a limitation in the scope of the particular Articles or Sections to which they refer.

26.6 No Partnership or Joint Venture. Nothing in this Lease shall be deemed to create a partnership or joint venture between County and Foundation or to render either party liable in any manner for the debts or obligations of the other.

26.7 Short Form Lease. At the request of either party hereto, both parties shall execute, cause to be acknowledged and deliver a Short Form Lease, which Short Form Lease shall contain a summary of the basic terms of this Lease including the Foundation's option in Section 2.3 and a provision disclosing the immunity of the County's property interests for mechanics' liens as provided in Section 6.14 above, and the requesting party shall cause, at its sole cost and expense, said Short Form Lease to be recorded against the Site and the Larger Parcel in the Official Records in the office of the County Recorder for Los Angeles County.

26.8 Attorneys' Fees. In case suit shall be brought for an unlawful detainer of the Premises, for the recovery of any Additional Rent or any other amount due under the provisions of this Lease, to enforce this Lease, or because of the breach of any covenant or condition herein contained on the part of Foundation or County to be kept or performed, no party shall be entitled to attorneys' fees or any and all other costs incurred in said action.

26.9 Exhibits. All exhibits attached hereto and/or referred to in this Lease are incorporated herein as though set forth herein in full.

26.10 Construction. The parties agree that each party and its counsel have reviewed and revised this Lease and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Lease or any amendments or exhibits hereto.

26.11 Governing Law. This Lease shall be governed exclusively by the provisions hereof and by the laws of the State of California. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this Lease invalid, unenforceable or unrecordable under any applicable law.

26.12 Counterparts. This Lease may be executed in several counterparts, each of which shall be

deemed an original, and such counterparts shall constitute but one and the same instrument.

26.13 County's Rights to Defend. Notwithstanding anything to the contrary in this Lease upon no less than ten (10) Business Days' prior written notice County shall have the right to undertake and continue to defend, at Foundation's cost and expense, any claim, action or proceeding which is brought against County and which Foundation is obligated under this Lease to defend, at Foundation's cost and expense, if County (acting in good faith) is dissatisfied with Foundation's defense of such claim, action or proceeding.

26.14 Quiet Enjoyment. Notwithstanding the provisions of clause (c) of Section 5.1 above, County covenants and agrees that, upon Foundation's paying the Rent and Additional Rent reserved herein and timely performing and observing all of the covenants and provisions of this Lease on Foundation's part to be performed and observed, Foundation shall peaceably and quietly enjoy the Premises without disturbance (subject to any Taking or Partial Taking and the terms and conditions of this Lease, Legal Requirements and any actions by Foundation).

26.15 County's Proprietary Capacity. County and Foundation agree that in making and entering into this Lease and all of the agreements of County contained in this Lease, County is acting and shall be deemed to be acting solely in County's proprietary capacity for all purposes and in all respects, and nothing contained in this Lease shall be deemed directly or indirectly to restrict or impair in any manner or respect whatsoever any of the governmental powers of the County of Los Angeles, or the rights or obligations or the exercise thereof by County, with respect to the Premises or otherwise, including, without limitation, the power of eminent domain. It is intended that Foundation shall be obligated to fulfill and comply with all such requirements as may be imposed by any governmental agency or authority having or exercising jurisdiction over the Premises in its governmental capacity.

26.16 County's Approvals and Consents. Except as otherwise expressly provided herein, all approvals, consents and actions of County required pursuant to this Lease shall be given or taken by the Chief Administrative Officer of the County of Los Angeles on behalf of County (or such other person as said Chief Administrative Officer may designate by Notice to Foundation), and shall be deemed binding upon County.

26.17 Limitation of Liability. No member, official, officer, director, agent, representative or employee of County or of Foundation shall be personally liable to the other party, or any successor in interest, for the performance of any obligation or payment which shall become due or owing hereunder, or in the event of any default or breach of this Lease by County or Foundation.

26.18 No Waiver. No failure by County or Foundation to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of any such term. No waiver of any breach shall affect or alter this Lease, which shall continue in full force and effect, or the respective rights of County or Foundation with respect to any other then existing or subsequent breach.

26.19 Third Party Beneficiary. County and Foundation hereby agree that there are no third party beneficiaries of any of the provisions of this Lease.

26.20 Interest on Amounts Due. In each case where a provision of this Lease requires the payment of interest from one party to the other, such interest shall accrue at a rate equal to the rate announced by Citibank, N.A. from time to time as its prime rate or, in the event that Citibank, N.A. shall cease to announce a prime rate, then the average prime rate of the three largest domestic United States banks (measured by total assets) then announcing a prime rate.

## ARTICLE 27

### NONDISCRIMINATION

27.1 Covenant of Nondiscrimination. Foundation herein covenants by and for itself, its successors, assigns, and sublessees, and all persons claiming under or through them, that this Lease is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, age, physical, handicap, medical condition, sex, marital status, sexual preference, national origin or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Premises herein leased nor shall Foundation itself, or any person claiming under or through it, establish or permit such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Foundation, lessees, sublessees, or vendees in the Site or the Premises herein leased. Foundation agrees to include in each sublease and other contract entered into by it with respect to the Premises a covenant by the sublessee or other contracting party to the same effect as Foundation is obligated in the preceding sentence.

## ARTICLE 28

### FORCE MAJEURE

Subject to the conditions set forth in this Lease, the performance of County's and Foundation's

obligations hereunder, including but not limited to Foundation's obligations hereunder to commence, continue or complete the required construction of any New Improvements or any Alteration or Restoration shall not be deemed to be in default where delays are due to Unavoidable Delays. The party claiming any such Unavoidable Delay shall promptly notify the other party of the occurrence of such delay. Any extension of time for any Unavoidable Delay shall be given only for the period of time commencing upon the date that such Unavoidable Delay actually prevents the obligated party from performing its obligations hereunder, and ending when such Unavoidable Delay ceases to prevent the obligated party from performing its obligations hereunder. County and Foundation agree to use reasonable efforts to minimize any such period of Unavoidable Delay.

## **ARTICLE 29**

### **MEDIATION**

Any controversy hereunder (including, without limitation, any controversy or dispute with respect to the existence of a County Event of Default or Foundation Event of Default) which is not resolved by the parties shall be referred to non-binding mediation in accordance with the terms hereof prior to the commencement of any litigation with respect thereto. Either County or Foundation may initiate the mediation process by providing the other party the names of three potential mediators (each of whom shall be a retired Judge or an attorney at law practicing in Los Angeles County) and the other party shall propose an equal number of potential mediators within ten (10) business days thereafter. The parties shall, within five (5) business days thereafter jointly appoint a mediator from the six so suggested. The mediator so selected shall proceed to meet with Foundation and County and conduct the mediation within thirty (30) business days of his or her selection. The mediator shall issue a written recommendation and/or findings to the parties within fifteen (15) days of conducting the mediation and the mediation shall be deemed completed upon such issuance. The cost of such mediation shall be borne equally by County and Foundation. Any time limits in this Lease for the performance of an obligation or right under this Lease shall be tolled from the date a party initiates this mediation process, as provided herein, until the mediation process has been deemed completed as provided herein.

IN WITNESS WHEREOF, the Foundation has executed this Lease, or caused it to be duly executed, by its authorized representative(s) on the date indicated below, and the County, by order of its Board of Supervisors has caused this Lease to be executed on its behalf by the Chair of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof effective the date of approval of the Board of Supervisors.

THE COUNTY OF LOS ANGELES

By *Don Krabe*  
Chair of the Board of Supervisors

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

**5-3**

SEP 14 2004

*Violet Varona-Lukens*  
VIOLET VARONA-LUKENS  
EXECUTIVE OFFICER

ATTEST:

VIOLET VARONA-LUKENS  
Executive Officer-  
Clerk of the Board of Supervisors

By *J. Castaneda*  
DEPUTY

APPROVED AS TO FORM:

OFFICE OF THE COUNTY COUNSEL

By *Kim Baker*  
Principal Deputy

LA PLAZA DE CULTURA Y ARTES  
FOUNDATION

By *Glenn Thelma*  
Chair of the Foundation Board

Title

11/4/04

Date

By *Jonathan Yoba*  
Executive Director

Title

11/4/04

Date



EXHIBIT 1

EL PUEBLO DE LOS ANGELES HISTORIC DISTRICT

“SITE”



CHICAGO TITLE COMPANY

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## PRELIMINARY REPORT

Dated as of: February 25, 2003 at 7:30 AM

Reference: EL PUEBLO AREA

Order No.: 21061193 - X64

CHICAGO TITLE COMPANY hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception in Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in the attached list. Copies of the Policy forms are available upon request.

Please read the exceptions shown or referred to in Schedule B and the exceptions and exclusions set forth in the attached list of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered. It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

THIS REPORT (AND ANY SUPPLEMENTS OR AMENDMENTS HERETO) IS ISSUED SOLELY FOR THE PURPOSE OF FACILITATING THE ISSUANCE OF A POLICY OF TITLE INSURANCE AND NO LIABILITY IS ASSUMED HEREBY. IF IT IS DESIRED THAT LIABILITY BE ASSUMED PRIOR TO THE ISSUANCE OF A POLICY OF TITLE INSURANCE, A BINDER OR COMMITMENT SHOULD BE REQUESTED.

The form of policy of title insurance contemplated by this report is:

PRELIMINARY TITLE REPORT

Title Department:

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**CHICAGO TITLE COMPANY**  
700 S. FLOWER ST. #900  
LOS ANGELES, CA 90017  
(213)488-4300 fax: (213)488-4385

ZACK SIMON  
X64

# SCHEDULE A

Order No: 21061193 X64

Your Ref: EL PUEBLO AREA

1. The estate or interest in the land hereinafter described or referred to covered by this report is:

A FEE

2. Title to said estate or interest at the date hereof is vested in:

COUNTY OF LOS ANGELES, A BODY CORPORATE AND POLITIC, AS TO PARCEL 1 AND THAT PORTION OF PARCEL 5, TO THE CENTERLINES OF NEW HIGH STREET AND REPUBLIC STREET, WHICH ARE ADJACENT TO PARCEL 1;

CITY OF LOS ANGELES, A MUNICIPAL CORPORATION, AS TO PARCEL 2 AND THAT PORTION OF PARCEL 5, TO THE CENTERLINES OF NEW HIGH STREET AND REPUBLIC STREET, WHICH ARE ADJACENT TO PARCEL 2;

AND THE ROMAN CATHOLIC ARCHBISHOP OF LOS ANGELES, A CORPORATE SOLE, AS TO PARCELS 3 AND 4, AND THAT PORTION OF PARCEL 5, TO THE CENTERLINE OF NEW HIGH STREET WHICH IS ADJACENT TO PARCELS 3 AND 4.

3. The land referred to in this report is situated in the State of California, County of LOS ANGELES and is described as follows:

SEE ATTACHED DESCRIPTION

## DESCRIPTION

PARCEL 1:

THAT PORTION OF THE CITY LANDS OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 2 PAGES 38 AND 39 AND BOOK 2 PAGE 447 OF PATENTS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND BEING PART OF WHAT WAS FORMERLY CALLED "BENANCIA SOTELO LOT" AND THAT PARALLEL OF THE PUEBLO LANDS IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND THAT PORTION OF THE CITY LANDS OF LOS ANGELES IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN ON MAP RECORDED IN BOOK 2 PAGES 38 AND 39 AND BOOK 2 PAGE 447 OF PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND THAT PORTION OF WILLIAM E. REAVIS LOT IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5 PAGE 178 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND THAT PORTION OF LOT A OF TRACT NO. 3189 AS PER MAP RECORDED IN BOOK 32 PAGE 94 OF MAPS, RECORDS OF SAID COUNTY AND THAT PORTION OF LOT 1, OF TRACT 1041 AS PER MAP RECORDED IN BOOK 18 PAGES 122 AND 123 OF MAPS RECORDS OF SAID COUNTY AND ALL OF LOTS 4, 6 AND 8 AND THAT PORTION OF LOT 2 OF PROPERTY KNOWN AS THE ARCADIA TRACT AS PER MAP RECORDED IN BOOK 32 PAGE 4 OF MISCELLANEOUS RECORDS AND THAT PORTION OF LOT 1 OF THE BRAUN TRACT AS PER MAP RECORDED IN BOOK 27 PAGE 82 OF MAPS RECORDS OF SAID COUNTY AND THOSE PORTIONS OF LOTS 2, 3, 4 AND 5 OF WILL'S SUBDIVISION OF A PORTION OF THE ARCADIA TRACT AS PER MAP RECORDED IN BOOK 1 PAGE 6 OF MAPS RECORDS OF SAID COUNTY AND THOSE PORTIONS OF NEW HIGH STREET AND REPUBLIC STREET DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF PARCEL 1 OF THE LANDS DESCRIBED IN DOCUMENT OF RELINQUISHMENT OF STATE HIGHWAY, IN THE CITY OF LOS ANGELES, ROAD VII L.A.-2 L.A.-6 RECORDED AUGUST 2, 1962 AS INSTRUMENT NO. 4392 IN BOOK R-1287 PAGE 822 OFFICIAL RECORDS OF SAID COUNTY SAID CORNER BEING IN THE SOUTHEASTERLY LINE OF SPRING STREET, 100 FEET WIDE, AND HAVING A BEARING OF NORTH 37 DEGREE 47 MINUTES 50 SECONDS EAST FOR PURPOSES OF THIS DESCRIPTION, THE SOUTHWESTERLY TERMINUS OF SAID SOUTHEASTERLY LINE PASSES THROUGH A POINT IN THE SOUTHWESTERLY LINE OF TRACT NO. 1588 AS PER MAP RECORDED IN BOOK 20 PAGE 16 OF MAPS RECORDS OF SAID COUNTY, SAID POINT DISTANT SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE 130.56 FEET FROM THE MOST WESTERLY CORNER OF SAID TRACT, SAID SOUTHEASTERLY LINE ALSO PASSING THROUGH A POINT IN THE NORTHEASTERLY LINE OF TRACT NO. 3189 AS PER MAP RECORDED IN BOOK 32 PAGE 94 OF MAPS, RECORDS OF SAID COUNTY WHICH IS DISTANT NORTHWESTERLY 34.03 FEET FROM THE MOST EASTERLY CORNER OF SAID LAST MENTIONED TRACT; THENCE ALONG SAID SOUTHEASTERLY LINE NORTH 37 DEGREES 47 MINUTES 50 SECONDS EAST TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 20 FEET, THE BEGINNING OF SAID CURVE BEING DISTANT ALONG SAID SOUTHEASTERLY LINE NORTH 37 DEGREES 47 MINUTES 50 SECONDS EAST 1218.39 FEET FROM SAID SOUTHEASTERLY TERMINUS; THENCE NORTHEASTERLY ALONG SAID CURVE AN ARC DISTANCE 26.17 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE TO THE NORTH HAVING A RADIUS OF 250 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE TO THE SOUTHEAST LINE OF SAID NEW HIGH STREET; THENCE SOUTHWESTERLY ALONG SAID SOUTHEAST LINE TO A POINT DISTANT NORTHEASTERLY THEREON 208.80 FEET FROM THE NORTHEASTERLY LINE OF REPUBLIC STREET AS SAME EXISTED ON MARCH 28, 1949, SAID POINT ALSO BEING THE MOST NORTHERLY CORNER OF THE LAND DESCRIBED IN THE DOCUMENT TO THE ROMAN CATHOLIC ARCHBISHOP OF LOS ANGELES RECORDED ON JUNE 12, 1950 AS INSTRUMENT NO. 281 IN BOOK 33356 PAGE 136 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE SOUTHEASTERLY ALONG THE NORTHEAST LINE OF SAID DOCUMENT 227.10 FEET TO THE NORTHWEST LINE OF NORTH MAIN STREET AS SAME EXISTED ON MARCH 28, 1949; THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE 228.48 FEET TO THE NORTHEASTERLY LINE OF SAID REPUBLIC STREET; THENCE ALONG THE SOUTHWESTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF SAID NORTH MAIN STREET TO THE

## DESCRIPTION

SOUTHWEST LINE OF REPUBLIC STREET AS DESCRIBED AS THE NORTHEAST LINE OF THE LAND IN DEED RECORDED IN BOOK <D350 PAGE 540 OF OFFICIAL RECORDS; THENCE NORTHWESTERLY ALONG THE SOUTHWEST LINE OF REPUBLIC STREET TO THE SOUTHEASTERLY LINE OF SAID NEW HIGH STREET; THENCE SOUTHWESTERLY ALONG SAID SOUTHEASTERLY LINE TO AN ANGLE POINT IN SAID NORTHEASTERLY LINE OF THE LAND DESCRIBED IN RELINQUISHMENT DOCUMENT RECORDED AUGUST 2, 1962 AS INSTRUMENT NO. 4392 IN BOOK R1287 PAGE 822 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID NORTHEASTERLY LINE SOUTH 10 DEGREES 41 MINUTES 22 SECONDS EAST 14.27 FEET TO AN ANGLE POINT THEREIN; THENCE NORTH 54 DEGREES 21 MINUTES 05 SECONDS WEST 81.20 TO ANOTHER ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID NORTHEASTERLY LINE NORTH 43 DEGREES 13 MINUTES 59 SECONDS WEST 108.58 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THOSE PORTIONS WITHIN THE LINES OF NEW HIGH STREET AND REPUBLIC STREET DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF SAID NORTHWESTERLY LINE OF NEW HIGH STREET WITH THE ABOVE MENTIONED CURVE CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 20 FEET; THENCE NORTHEASTERLY ALONG SAID 200 FOOT RADIUS A TOTAL LENGTH OF 26.17 FEET FROM THE BEGINNING OF SAID CURVE AND BEING THE BEGINNING OF A REVERSE CURVE CONCAVE TO THE NORTH HAVING A RADIUS OF 250 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE TO THE SOUTHEAST LINE OF SAID NEW HIGH STREET; THENCE SOUTHWESTERLY ALONG SAID SOUTHEAST LINE TO THE NORTHEAST LINE OF REPUBLIC STREET, FORMERLY TURNER STREET; THENCE SOUTHEASTERLY ALONG SAID NORTHEAST LINE TO THE NORTHWEST LINE OF MAIN STREET; THENCE ALONG THE SOUTHWEST PROLONGATION OF SAID NORTHWEST LINE TO THE SOUTHWEST LINE OF REPUBLIC STREET; THENCE NORTHWEST ALONG SAID SOUTHWEST LINE AND ITS NORTHWESTERLY PROLONGATION TO SAID NORTHWESTERLY LINE OF NEW HIGH STREET; THENCE NORTHEASTERLY ALONG SAID NORTHWESTERLY LINE TO THE POINT OF BEGINNING.

### PARCEL 2:

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE WESTERLY LINE OF MAIN STREET, WITH THE SOUTHERLY LINE OF REPUBLIC STREET, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA; THENCE SOUTHERLY ALONG SAID LINE OF MAIN STREET, 119.23 FEET; THENCE NORTH 55° 27' WEST, 137.60 FEET, MORE OR LESS, TO THE EASTERLY LINE OF NEW HIGH STREET; THENCE NORTHERLY ALONG SAID LINE, 30.40 FEET, MORE OR LESS, TO AN ANGLE IN SAID LINE; THENCE CONTINUING ALONG SAID LINE, NORTHERLY 97.23 FEET, MORE OR LESS, TO ITS INTERSECTION WITH THE SOUTHERLY LINE OF REPUBLIC STREET; THENCE EASTERLY ALONG SAID LAST MENTIONED LINE, 158.61 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPTING AND RESERVING TO THE STATE OF CALIFORNIA ALL MINERAL DEPOSITS AS DEFINED IN SECTION 6407 OF THE PUBLIC RESOURCES CODE BELOW A DEPTH OF 500 FEET, WITH OUT SURFACE RIGHTS ENTRY, PER QUITCLAIM DEED RECORDED FEBRUARY 13, 1990 AS INSTRUMENT NO. 90-247264.

### PARCEL 3:

AL THAT CERTAIN PARCEL OF LAND IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BOUNDED AND DESCRIBED AS FOLLOWS:

## DESCRIPTION

BEGINNING AT THE SOUTHEAST CORNER OF THE LOT OF PIERRE DONEC FRONTING ON THE PLAZA, BRAIL(SIC) STREET AND NEW HIGH STREET RUNNING NORTH  $75^{\circ} 15'$  MINUTES WEST 28.75 FEET; THENCE ALONG THE LOT OF SAID DONEC NORTH  $75^{\circ} 30'$  WEST 144 FEET; THENCE WITH EAST LINE NEW HIGH STREET SOUTH  $8^{\circ} 45'$  WEST 206 FEET; THENCE SOUTH  $73^{\circ} 15'$  EAST 221.50 FEET TO THE NORTHEAST CORNER OF THE LOT OF DONA BENANCIA SOTELLO; THENCE NORTH  $14^{\circ} 45'$  EAST 68.25 FEET ALONG WALL OF CEMETERY AND LINE OF PLAZA; THENCE  $n 16^{\circ} 30'$  EAST 33 FEET ALONG FRON OF CHURCH AND PLAZA; THENCE IN AN ARC OF A CIRCLE OF THE RADIUS OF 128 FEET AND WHOSE CENTRE FALLS WITHIN THIS LOT OF GROUND TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE PORTION OF LAND DESCRIBED IN THE DEED TO THE COUNTY OF LOS ANGELES, RECORDED JUNE 12, 1950 AS INSTRUMENT NO. 281.

### PARCEL 4:

THE NORTHEASTERLY .5 FEET OF THAT PORTION OF THE CITY LANDS OF LOS ANGELES, AS SHOWN ON MAP RECORDED IN BOOK 2, PAGES 38 AND 39, AND BOOK 2, PAGE 447 OF PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHWESTERLY LINE OF NORTH MAIN STREET, AS SAME EXISTED MARCH 28, 1949, WITH THE SOUTHWESTERLY LINE OF THE TRACT OF LAND CONVEYED TO THE ROMAN CATHOLIC CHURCH BY DEED RECORDED IN BOOK 31, PAGE 63 OF DEEDS IN THE OFFICE OF SAID RECORDER, SAID POINT BEING NORTHEASTERLY ALONG THE NORTHWESTERLY LINE 179.60 FEET FROM THE NORTHEASTERLY LINE OF REPUBLIC STREET, AS SAME EXISTED ON SAID DATE; THENCE NORTHWESTERLY ALONG SAID SOUTHWESTERLY LINE 213.57 FEET, MORE OR LESS, TO A POINT IN THE SOUTHEASTERLY LINE OF NEW HIGH STREET, AS SAME EXISTED ON SAID DATE, SAID LAST MENTIONED POINT BEING NORTHEASTERLY ALONG SAID SOUTHEASTERLY LINE 158.90 FEET FROM SAID NORTHEASTERLY LINE OF REPUBLIC STREET; THENCE NORTHEASTERLY ALONG SAID SOUTHEASTERLY LINE OF NEW HIGH STREET 49.90 FEET; THENCE SOUTHEASTERLY IN A DIRECT LINE 227.10 FEET, MORE OR LESS, TO A POINT IN SAID NORTHWESTERLY LINE OF NORTH MAIN STREET THAT IS NORTHEASTERLY THEREON 48.88 FEET FROM THE POINT OF BEGINNING; THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE OF NORTH MAIN STREET TO THE POINT OF BEGINNING.

EXCEPTING AND RESERVING UNTO THE COUNTY OF LOS ANGELES, ALL OIL, GAS, HYDROCARBONS, OR OTHER MINERALS IN AND UNDER THE ABOVE DESCRIBED LAND WITHOUT THE RIGHT OF SURFACE ENTRY FOR THE DEVELOPMENT THEREOF, PER DEED RECORDED DECEMBER 19, 1962 AS INSTRUMENT NO. 5.

### PARCEL 5:

THAT PORTION OF THE CITY LANDS OF LOS ANGELES, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BEING THOSE PORTIONS WITHIN THE LINES OF NEW HIGH STREET AND REPUBLIC STREET, AS PER MAP RECORDED IN BOOK 2 PAGES 38 AND 39 AND BOOK 2 PAGE 447 OF PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF SAID NORTHWESTERLY LINE OF NEW HIGH STREET WITH A CURVE CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 20 FEET; THENCE NORTHEASTERLY ALONG SAID 20 FOOT RADIUS A TOTAL LENGTH OF 26.17 FEET FROM THE BEGINNING OF SAID CURVE AND BEING THE BEGINNING OF A REVERSE CURVE CONCAVE TO THE NORTH HAVING A RADIUS OF 250 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE TO

## DESCRIPTION

THE SOUTHEAST LINE OF SAID NEW HIGH STREET; THENCE SOUTHWESTERLY ALONG SAID SOUTHEAST LINE TO THE NORTHEAST LINE OF REPUBLIC STREET, FORMERLY TURNER STREET; THENCE SOUTHEASTERLY ALONG SAID NORTHEAST LINE TO THE NORTHWEST LINE OF MAIN STREET; THENCE ALONG THE SOUTHWEST PROLONGATION OF SAID NORTHWEST LINE TO THE SOUTHWEST LINE OF REPUBLIC STEET; THENCE NORTHWEST ALONG SAID SOUTHWEST LINE AND ITS NORTHWESTERLY PROLONGATION TO SAID NORTHWESTERLY LINE OF NEW HIGH STREET; THENCE NORTHEASTERLY ALONG SAID NORTHWESTERLY LINE TO THE POINT OF BEGINNING.

THE LEGAL DESCRIPTIONS SHOWN HEREIN HAVE NOT YET BEEN REVIEWED BY OUR ENGINEERING STAFF FOR ACCURACY OR INSURABILITY. NO DOCUMENTS SHOULD BE PREPARED USING THE DESCRIPTION UNTIL A LEGAL DESCRIPTION, SUBMITTED BY A LISCENSED SURVEYOR, HAS BEEN REVIEWED AND APPROVED BY THIS COMPANY.

# SCHEDULE B

Page 1

Order No: 21061193 X64

Your Ref: EL PUEBLO AREA

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in the policy form designated on the face page of this Report would be as follows:

- A* 1. PROPERTY TAXES, INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, TO BE LEVIED FOR THE FISCAL YEAR 2003-2004 THAT ARE A LIEN NOT YET DUE.
- B* 2. PROPERTY TAXES, INCLUDING ANY PERSONAL PROPERTY TAXES AND ANY ASSESSMENTS COLLECTED WITH TAXES, FOR THE FISCAL YEAR 2002-2003
- 1ST INSTALLMENT: \$528.90 (PAID)  
2ND INSTALLMENT: \$528.89  
PENALTY AND COST: \$62.89 (DUE AFTER APRIL 10)  
HOMEOWNERS  
EXEMPTION: \$NONE  
CODE AREA: 00004  
ASSESSMENT NO: 5408-007-006
- AFFECTS: PORTION OF PARCEL 3.
- D* 3. PROPERTY TAXES, INCLUDING ANY PERSONAL PROPERTY TAXES AND ANY ASSESSMENTS COLLECTED WITH TAXES, FOR THE FISCAL YEAR 2002-2003
- 1ST INSTALLMENT: \$320.89 (PAID)  
2ND INSTALLMENT: \$320.89  
PENALTY AND COST: \$42.09 (DUE AFTER APRIL 10)  
HOMEOWNERS  
EXEMPTION: \$NONE  
CODE AREA: 00004  
ASSESSMENT NO: 5408-007-007
- AFFECTS: PARCEL 4 AND THE REMAINDER OF PARCEL 3.
- F* 4. SAID LAND IS SHOWN AS EXEMPT ON THE LOS ANGELES COUNTY TAX ROLL FOR THE FISCAL YEAR 2002-2003.
- AFFECTS: PARCELS 1 AND 2.
- H* 5. THE LIEN OF SUPPLEMENTAL OR ESCAPED ASSESSMENTS OF PROPERTY TAXES, IF ANY, MADE PURSUANT TO THE PROVISIONS OF PART 0.5, CHAPTER 3.5 OR PART 2, CHAPTER 3, ARTICLES 3 AND 4 RESPECTIVELY (COMMENCING WITH SECTION 75) OF THE REVENUE AND TAXATION CODE OF THE STATE OF CALIFORNIA AS A RESULT OF THE TRANSFER OF TITLE TO THE VESTEE NAMED IN SCHEDULE A; OR AS A RESULT OF CHANGES IN OWNERSHIP OR NEW CONSTRUCTION OCCURRING PRIOR TO DATE OF POLICY.
- I* 6. IF REAL PROPERTY TAXES ARE TO BE ADVANCED THROUGH THIS ORDER IN A TIMELY AND EFFICIENT MANNER, THIS OFFICE SHOULD BE SENT THE ORIGINAL TAX BILLS

## SCHEDULE B (continued)

Order No: 21061193 X64

Your Ref: EL PUEBLO AREA

WHICH ARE IN THE POSSESSION OF THE OWNER(S) PRIOR TO THE CLOSE OF THIS TRANSACTION AND/OR FIVE DAYS PRIOR TO THE DUE DATE. THIS GREATLY MINIMIZES MISPOSTINGS AND REDUCES FUTURE COMPLAINTS TO THE ESCROW AND TITLE COMPANY.

SUBESCROW FUNDS WILL BE USED TO PAY ANY TAXES THAT WILL BE ADVANCED THROUGH THIS TRANSACTION. IF NO SUBESCROW IS CONTEMPLATED, THEN PRIOR TO CLOSING, CHICAGO TITLE MUST BE PROVIDED WITH A CHECK FROM THE ESCROW TO PAY THE TAXES. THE CHECK MUST BE MADE PAYABLE TO "LOS ANGELES COUNTY TAX COLLECTOR". ONLY ESCROW CHECKS OR CERTIFIED FUNDS WILL BE ACCEPTED.

- J 7. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS RESERVED IN A DOCUMENT (NO REPRESENTATION IS MADE AS TO THE PRESENT OWNERSHIP OF SAID EASEMENT)

PURPOSE: INGRESS AND EGRESS  
 RECORDED: JUNE 12, 1950 AS INSTRUMENT NO. 281 IN BOOK 33356 PAGE 136 OFFICIAL RECORDS  
 AFFECTS: THE NORTHERLY 5 FEET OF THE LAND DESCRIBED THEREIN

- K 8. COVENANTS, CONDITIONS AND RESTRICTIONS (BUT OMITTING THEREFROM ANY COVENANT OR RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS OR NATIONAL ORIGIN, IF ANY, UNLESS AND ONLY TO THE EXTENT THAT SAID COVENANT (A) IS EXEMPT UNDER CHAPTER 42, SECTION 3607 OF THE UNITED STATES CODE OR (B) RELATES TO HANDICAP BUT DOES NOT DISCRIMINATE AGAINST HANDICAPPED PERSONS) AS SET FORTH IN THE DOCUMENT REFERRED TO IN THE NUMBERED ITEM LAST ABOVE SHOWN.

- L 9. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT

GRANTED TO: CITY OF LOS ANGELES A MUNICIPAL CORPORATION  
 PURPOSE: PUBLIC STREET  
 RECORDED: IN BOOK 1121 PAGE 304 OFFICIAL RECORDS  
 AFFECTS: THAT PORTION OF SAID LAND DESCRIBED THEREIN

- M 10. A COVENANT AND AGREEMENT WHEREIN THE OWNERS OF SAID LAND COVENANT AND AGREE THAT SAID LAND SHALL BE HELD AS ONE PARCEL AND NO PORTION SHALL BE SOLD SEPARATELY, WHICH COVENANT IS EXPRESSED TO RUN WITH THE LAND AND BE BINDING UPON FUTURE OWNERS.

DATED: NOT SHOWN  
 EXECUTED BY: THE ROMAN CATHOLIC ARCHBISHOP OF LOS ANGELES, A CORPORATION SOLE  
 IN FAVOR OF: CITY OF LOS ANGELES  
 RECORDED: OCTOBER 1, 1964 AS INSTRUMENT NO. 5581

AFFECTS: PARCELS 3 AND 4.

## SCHEDULE B (continued)

Order No: 21061193 X64

Your Ref: EL PUEBLO AREA

0 11. A DOCUMENT ENTITLED "EXIT COURT AGREEMENT", DATED DECEMBER 1, 1948 EXECUTED BY COUNTY OF LOS ANGELES, SUBJECT TO ALL THE TERMS, PROVISIONS AND CONDITIONS THEREIN CONTAINED, RECORDED DECEMBER 1, 1948 AS INSTRUMENT NO. 1985.

P 12. SUCH RIGHT, TITLE OR INTEREST THE STATE OF CALIFORNIA MAY CLAIM IN THE EVENT SAID LAND IS DECLARED WITHIN THE STATE HIGHWAY SYSTEM.

AFFECTS: PARCEL 5.

R 13. ANY EASEMENTS NOT DISCLOSED BY THOSE PUBLIC RECORDS WHICH IMPART CONSTRUCTIVE NOTICE AND WHICH ARE NOT VISIBLE AND APPARENT FROM AN INSPECTION OF THE SURFACE OF SAID LAND WITHIN THE LINES OF NEW HIGH STREET AND REPUBLIC STREET.

AFFECTS: PARCEL 5.

T 14. COVENANTS, CONDITIONS AND RESTRICTIONS (BUT OMITTING THEREFROM ANY COVENANT OR RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS OR NATIONAL ORIGIN, IF ANY, UNLESS AND ONLY TO THE EXTENT THAT SAID COVENANT (A) IS EXEMPT UNDER CHAPTER 42, SECTION 3607 OF THE UNITED STATES CODE OR (B) RELATES TO HANDICAP BUT DOES NOT DISCRIMINATE AGAINST HANDICAPPED PERSONS) AS SET FORTH IN THE DOCUMENT.

RECORDED: FEBRUARY 13, 1990 AS INSTRUMENT NO. 90-247264

AFFECTS: PARCEL 2.

V 15. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:

(i) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR

(ii) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:

(A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR

(B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

W 16. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE

## SCHEDULE B (continued)

Order No: 21061193 X64

Your Ref: EL PUEBLO AREA

MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:

- (i) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
- (ii) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR
- (iii) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
  - (A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR
  - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

X NOTE NO. 1: WHEN THIS TITLE ORDER CLOSSES AND IF CHICAGO TITLE IS HANDLING LOAN PROCEEDS THROUGH SUB-ESCROW, ALL TITLE CHARGES AND EXPENSES NORMALLY BILLED, WILL BE DEDUCTED FROM THOSE LOAN PROCEEDS (TITLE CHARGES AND EXPENSES WOULD INCLUDE TITLE PREMIUMS, ANY TAX OR BOND ADVANCES, DOCUMENTARY TRANSFER TAX AND RECORDING FEES, ETC.).

Y NOTE NO. 2: IF THIS COMPANY IS REQUESTED TO DISBURSE FUNDS IN CONNECTION WITH THIS TRANSACTION, CHAPTER 598, STATUTES OF 1989 MANDATES HOLD PERIODS FOR CHECKS DEPOSITED TO ESCROW OR SUB-ESCROW ACCOUNTS. THE MANDATORY HOLD PERIOD FOR CASHIER'S CHECKS, CERTIFIED CHECKS AND TELLER'S CHECKS IS ONE BUSINESS DAY AFTER THE DAY DEPOSITED. OTHER CHECKS REQUIRE A HOLD PERIOD OF FROM TWO TO FIVE BUSINESS DAYS AFTER THE DAY DEPOSITED. IN THE EVENT THAT THE PARTIES TO THE CONTEMPLATED TRANSACTION WISH TO RECORD PRIOR TO THE TIME THAT THE FUNDS ARE AVAILABLE FOR DISBURSEMENT (AND SUBJECT TO COMPANY APPROVAL), THE COMPANY WILL REQUIRE THE PRIOR WRITTEN CONSENT OF THE PARTIES. UPON REQUEST, A FORM ACCEPTABLE TO THE COMPANY AUTHORIZING SAID EARLY RECORDING MAY BE PROVIDED TO ESCROW FOR EXECUTION.

### WIRE TRANSFERS

THERE IS NO MANDATED HOLD PERIOD FOR FUNDS DEPOSITED BY CONFIRMED WIRE TRANSFER. THE COMPANY MAY DISBURSE SUCH FUNDS THE SAME DAY.

CHICAGO TITLE WILL DISBURSE BY WIRE (WIRE-OUT) ONLY COLLECTED FUNDS OR FUNDS RECEIVED BY CONFIRMED WIRE (WIRE-IN). THE FEE FOR EACH WIRE-OUT IS \$25.00. THE COMPANY'S WIRE-IN INSTRUCTIONS ARE:

### WIRE-IN INSTRUCTIONS FOR BANK OF AMERICA:

**SCHEDULE B**  
**(continued)**

Order No: 21061193 X64

Your Ref: EL PUEBLO AREA

BANK: BANK OF AMERICA  
1850 GATEWAY BLVD.  
CONCORD, CA 94520

BANK ABA: 121000358

ACCOUNT NAME: CHICAGO TITLE COMPANY  
BROADWAY PLAZA OFFICE

ACCOUNT NO.: 12351-50737

FOR CREDIT TO: CHICAGO TITLE COMPANY  
700 SOUTH FLOWER, SUITE 900  
LOS ANGELES, CA 90017

FURTHER CREDIT TO: ORDER NO.: 021061193

2 NOTE NO. 3: THERE ARE NO CONVEYANCES AFFECTING SAID LAND, RECORDED WITHIN SIX (6) MONTHS OF THE DATE OF THIS REPORT.

**CLTA PRELIMINARY REPORT FORM**

**Exhibit A (Revised 01/04/02)**

**CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY -1990**

**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.

3. Defects, liens, encumbrances, adverse claims or other matters:

(a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;

(b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;

(c) resulting in no loss or damage to the insured claimant;

(d) attaching or created subsequent to Date of Policy; or

(e) resulting in loss or damage which would not have been sustained if the insured had paid value for the insured mortgage or for the estate or interest insured by this policy.

4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.

Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.

5. Any claim which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

**CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY -1990**

(Continued)

**EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART 1**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land which or which may be asserted by persons in thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (6/2/96)  
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10/17/98)

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning
  - a. building
  - b. zoning
  - c. Land use
  - d. improvements on the Land
  - e. Land division
  - f. environmental protection

This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.

This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the Land by condemning it, unless
  - a. notice of exercising the right appears in the public records at the Policy Date; or
  - b. the taking happened before the Policy Date and is binding on You if You bought the land without Knowing of the taking.
4. Risks:
  - a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records;
  - b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
  - c. that result in no loss to You; or
  - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7,8,d, 22, 23, 24 or 25.
5. Failure to pay value for YOUR Title.
6. Lack of a right:
  - a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
  - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)

EXCLUSIONS

In addition to the Exceptions in Schedule 8, you are not insured against loss, costs attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or governmental regulation.

This includes building and zoning ordinances and also laws and regulations concerning:

land use  
improvements on the land  
land division  
environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.

This exclusion does not limit the zoning coverage described in Items 12 and 13 d Covered Title Risks.

2. The right to take the land by condemning it, unless:

a notice of exercising the right appears in the public records on the Policy Date  
the taking happens prior to the Policy Date and is binding on you if you bought the land without knowing of the taking

3. Title Risks:

that are created, allowed, or agreed to by you  
that are known to you, but not to us, on the Policy Date - unless they appear in the public records  
that result in no loss to you  
that first affect your title after the Policy Date - this does not limit the labor and material lien coverage in item 8 of Covered Title Risks

4. Failure to pay value for your title.

5. Lack of a right:

to any land outside the area specifically described and referred to in Item 3 of Schedule A

OR

in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

**AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT-FORM 1 COVERAGE**

and

**AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT-FORM 1 COVERAGE**

**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness to comply with applicable doing business laws of the state in which the land is situated
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.

AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT-FORM 1 COVERAGE

and

AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT-FORM 1 COVERAGE

(CONTINUED)

6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
  - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
  - (ii) the subordination of the interest of the insured mortgagee as a result of the doctrine of equitable subordination; or
  - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (a) to timely record the instrument of transfer; or
    - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

**EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices, of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens, or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

**ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01)**

**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvements now or hereafter erected on the Land ; (iii) a separation in ownership or a change in the dimensions or areas of the Land or any parcel of which the Land is or was a part; or (ii) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without Knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (this paragraph does limit the coverage provided under Covered Risks 8, 16, 18, 19, 20, 21, 22, 23, 24, 25 and 26); or
  - (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, except as provided in Covered Risk 27, or any consumer credit protection or truth in lending law.

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01)

(Continued)

6. Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(e) and 26.
7. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.
8. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting the title, the existence of which are Known to the Insured at:
  - (a) The time of the advance; or
  - (b) the time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of interest is greater as a result of the modification than it would have been before the modification. This exclusion does not limit the coverage provided in Covered Risk 8.
9. The failure of the residential structure, or any portion thereof to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.

**AMERICAN LAND TILLE ASSOCIATION OWNER'S POLICY (10-17-92)**

and

**AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)**

**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged affecting the land has been recorded in the public records at Date of Policy.
2. (b) Any governmental police power not excluded by (a) above, except to the extent notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be bidding on the rights of a purchaser for value without knowledge.

3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Data of Policy; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
  - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
  - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (a) to timely record the instrument of transfer; or
    - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

**AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)**

and

**AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)**

(Continued)

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following General Instructions:

**EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

**CHICAGO TITLE INSURANCE COMPANY**  
Fidelity National Financial Group of Companies' Privacy Statement  
July 1, 2001

We recognize and respect the privacy expectation of today's consumers and the requirements of applicable federal and state privacy laws. We believe that making you aware of how we use your non-public personal information ("Personal Information"), and to whom it is disclosed, will form the basis for a relationship of trust between us and the public that we serve. This Privacy Statement provides that explanation. We reserve the right to change this Privacy Statement from time to time consistent with applicable privacy laws.

In the course of our business, we may collect Personal Information about you from the following sources:

- \* From applications or other forms we receive from you or your authorized representative;
- \* From your transactions with, or from the services being performed by, us, our affiliates, or others;
- \* From our internet web sites;
- \* From the public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others; and
- \* From consumer or other reporting agencies.

**Our Policies Regarding The Protection Of The Confidentiality And Security Of Your Personal Information**

We maintain physical, electronic and procedural safeguards to protect your Personal Information from unauthorized access or intrusion. We limit access to the Personal Information only to those employees who need such access in connection with providing products or services to you or for other legitimate business purposes.

**Our Policies and Practices Regarding the Sharing of Your Personal Information**

We may share your Personal Information with our affiliates, such as insurance companies, agents, and other real estate settlement service providers. We may also disclose your Personal Information:

- \* to agents, brokers or representatives to provide you with services you have requested;
- \* to third-party contractors or service providers who provide services or perform marketing or other functions on our behalf; and
- \* to others with whom we enter into joint marketing agreements for products or services that we believe you may find of interest.

In addition, we will disclose your Personal Information when you direct or give us permission, when we are required by law to do so, or when we suspect fraudulent or criminal activities. We also may disclose your Personal Information when otherwise permitted by applicable privacy laws such as, for example, when disclosure is needed to enforce our rights arising out of any agreement, transaction or relationship with you.

One of the important responsibilities of some of our affiliated companies is to record documents in the public domain. Such documents may contain your Personal Information.

**Right To Access Your Personal Information And Ability To Correct Errors Or Request Change Or Deletion**

Certain states afford you the right to access your Personal Information and, under certain circumstances, to find out to whom your Personal Information has been disclosed. Also, certain states afford you the right to request correction, amendment or deletion of your Personal Information. We reserve the right, where permitted by law, to charge a reasonable fee to cover the costs incurred in responding to such requests.

All requests must be made in writing to the following address:

Privacy Compliance Officer  
Fidelity National Financial, Inc.  
4050 Calle Real, Suite 220  
Santa Barbara, CA 93110

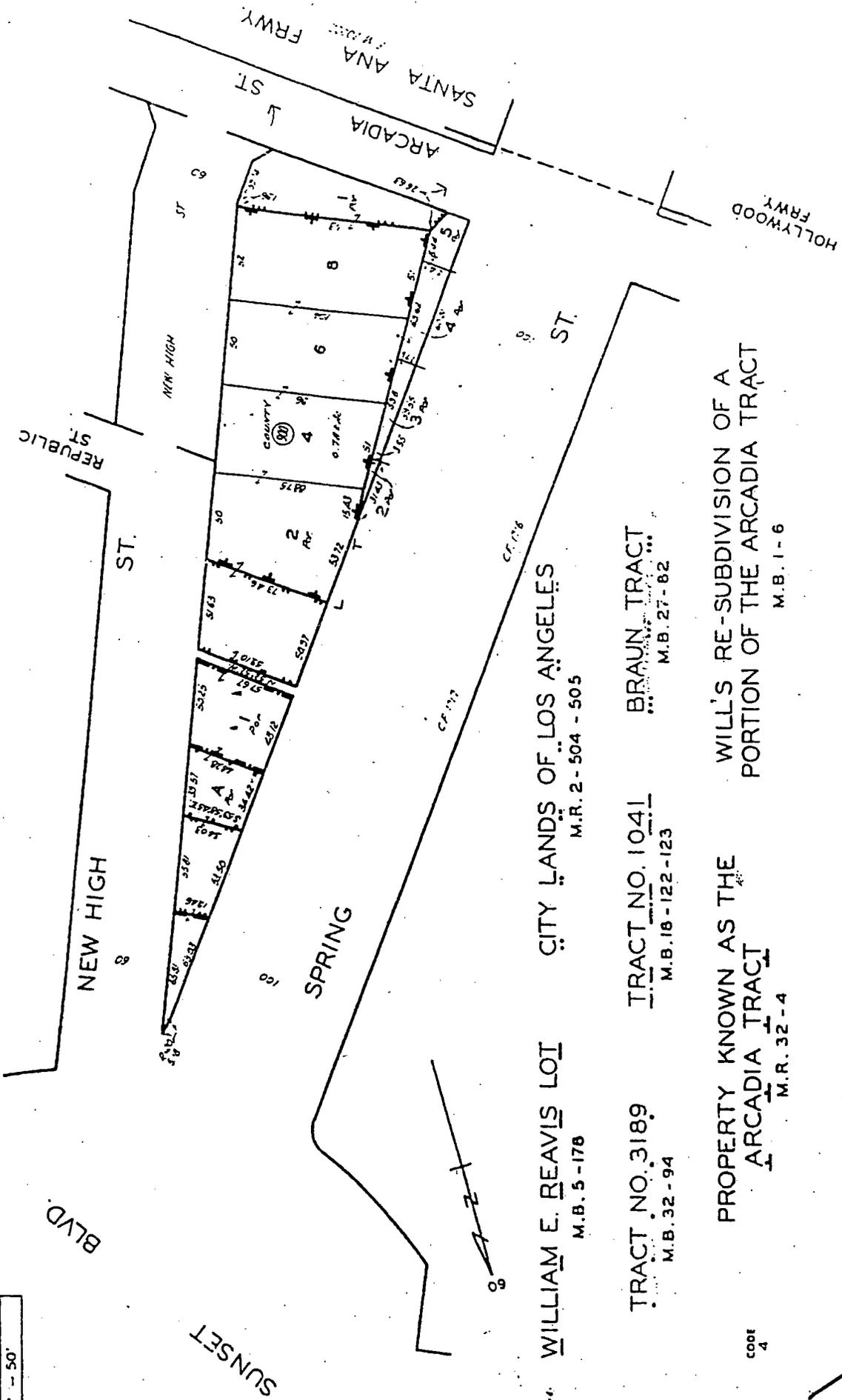
**Multiple Products or Services:**

If we provide you with more than one financial product or service, you may receive more than one privacy notice from us. We apologize for any inconvenience this may cause you.

REVISED  
7-1-1924

Chicago Title Ins. Co.  
This plat is for your aid in locating land with reference to streets and other parcels. While this plat is believed to be correct, the Company assumes no liability for any loss occurring by reason of reliance thereon.

5408 6  
SCALE 1" = 50'



WILLIAM E. REAVIS LOI CITY LANDS OF LOS ANGELES  
M.B. 5 - 178 M.R. 2 - 504 - 505

TRACT NO. 3189 TRACT NO. 1041 BRAUN TRACT  
M.B. 32 - 94 M.B. 18 - 122 - 123 M.B. 27 - 82

PROPERTY KNOWN AS THE ARCADIA TRACT WILL'S RE-SUBDIVISION OF A PORTION OF THE ARCADIA TRACT  
M.R. 32 - 4 M.B. 1 - 6

COOP  
4

FOR PREV ASSMT. SEE: 19 - 18, 19, 27 & 39

SECTION 3 MAP  
COUNTY OF LOS ANGELES, CALIF.

Chicago Title Ins. Co.

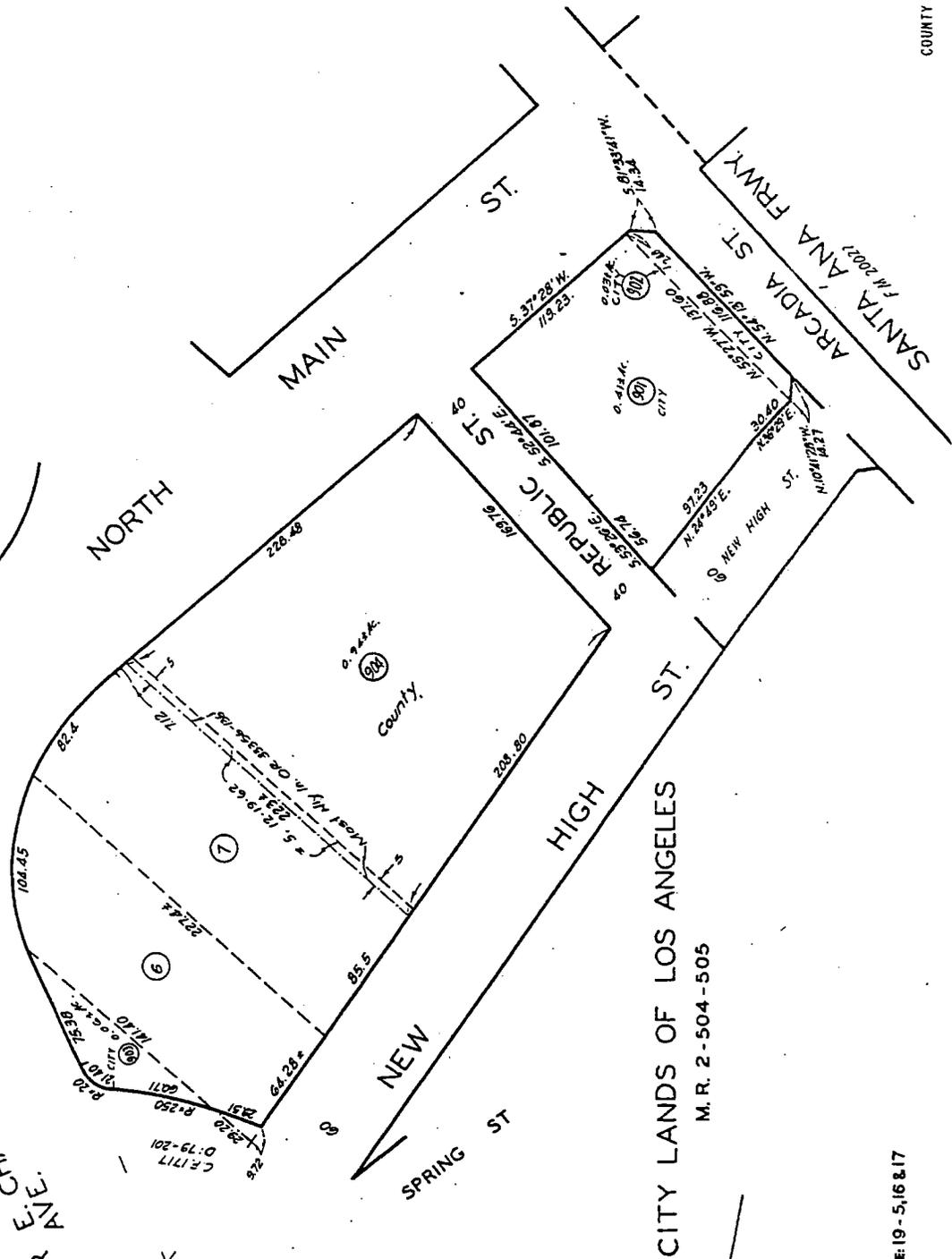
This plat is for your aid in locating land with reference to streets and other parcels. While this plat is believed to be correct, the Company assumes no liability for any loss occurring by reason of reliance thereon.

5408 7  
SCALE 1" = 60'

1994

NEW HIGH ST.  
NORTH SPRING ST. C.F. 472  
CESAR AVE. CHAVEZ

4-8-65  
REVISED  
1-13-55  
10-22-6  
1-16-6  
300820 7/11/12  
340124



CITY LANDS OF LOS ANGELES  
M. R. 2-504-505

CODE 4

FOR PREV. ASSMT. SEE: 19-5,16 & 17

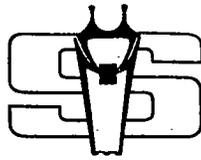
MAR 29 1994  
ASSESSOR'S MAP  
COUNTY OF LOS ANGELES, CALIF.

scription: Los Angeles, CA Assessor Map 5408.7 Page: 1 of 1  
der: 1 Comment:

EXHIBIT 2

COUNTY OWNED REAL PROPERTY IMMEDIATELY TO THE  
WEST OF AND ADJACENT TO THE  
EL PUEBLO DE LOS ANGELES HISTORIC DISTRICT

“LARGER PARCEL”



Sanctity of Contract

**STEWART TITLE OF CALIFORNIA, INC.,  
LOS ANGELES DIVISION**

525 N. BRAND BLVD.  
GLENDALE, CA 91203  
(818) 502-2700  
[www.stewarttitlela.com](http://www.stewarttitlela.com)

MEMBER CALIFORNIA LAND TITLE ASSOCIATION

**PRELIMINARY REPORT**

DMJM MANAGEMENT  
515 S. FLOWER, 9TH FLOOR  
LOS ANGELES, CA 90071  
Attn: RICHARD ERICKSON

Order Number: 040189140

Your Reference: EL PUEBLO

In response to the above referenced application for a Policy of Title Insurance, Stewart Title of California, Inc. hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referenced to as an Exception on Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions, and Stipulations of said Policy forms.

The printed exceptions and exclusions from the coverage of said policy or policies are set forth in the attached list. Copies of the policy forms should be read. They are available from the office which issued this report.

**Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.**

**It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.**

This report, (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance a binder or commitment should be requested.

Dated as of August 25, 2003 at 7:30 A.M.

LARRY MCGUIRE Title Officer  
(818) 502-2723 Fax: (818) 241-9173

**PRELIMINARY REPORT**

The form of Policy of Title Insurance contemplated by this report is:

REPORT ONLY

**SCHEDULE A**

The Estate or Interest in the land hereinafter described or referred to covered by this report is:

A FEE

Title to said estate or interest at the date hereof is vested in:

COUNTY OF LOS ANGELES

Continued on next page

**LEGAL DESCRIPTION**

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

LOTS 2, 3 AND 4 AND A CERTAIN UN-NUMBERED LOT, ALL IN BLOCK E, AS SHOWN ON OFFICIAL MAP NO. 3 OF LOS ANGELES CITY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1, PAGES 465 AND 466 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY; TOGETHER WITH THE WEST HALF OF THAT PORTION OF JUSTICIA STREET, 80 FEET IN WIDTH (FORMERLY ETERNITY STREET; BOUNDED AS FOLLOWS:

SOUTHERLY BY THE NORTHERLY RIGHT-OF-WAY LINE OF THE HOLLYWOOD FREEWAY; DESCRIBED AS PARCEL C IN DEED TO STATE OF CALIFORNIA, RECORDED AS INSTRUMENT NO. 3710, ON FEBRUARY 27, 1951 IN BOOK 35667 PAGE 351, OFFICIAL RECORDS OF SAID COUNTY;

NORTHWESTERLY BY THE SOUTHEASTERLY BOUNDARY OF THAT CERTAIN PARCEL OF LAND DESCRIBED AS PARCEL 2 IN A RELINQUISHMENT, RECORDED AS INSTRUMENT NO. 4288 ON MARCH 8, 1963 IN BOOK R1482 PAGE 635, OFFICIAL RECORDS;

NOTE: THE ABOVE LEGAL DESCRIPTION IS NOT TO BE USED IN THE CONVEYANCE OF SAID LAND IN VIOLATION OF THE SUBDIVISION MAP ACT OF THE STATE OF CALIFORNIA.

END OF LEGAL DESCRIPTION

Continued on next page

## SCHEDULE B

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy or policies would be as follows:

1. PROPERTY TAXES, WHICH ARE A LIEN NOT YET DUE AND PAYABLE, INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, TO BE LEVIED FOR THE FISCAL YEAR 2003 - 2004 WHICH ARE A LIEN NOT YET PAYABLE.

1A. GENERAL AND SPECIAL CITY AND/OR COUNTY TAXES, BONDS OR ASSESSMENTS WHICH MAY BECOME DUE ON SAID LAND, IF AND WHEN TITLE TO SAID LAND IS NO LONGER VESTED IN A GOVERNMENTAL OR QUASI-GOVERNMENTAL AGENCY. TAX PARCEL(S) FOR SAID LAND ARE CURRENTLY SHOWN AS 5408-005-903.

2. THE LIEN OF SUPPLEMENTAL TAXES, IF ANY, ASSESSED PURSUANT TO THE PROVISIONS OF CHAPTER 3.5 (COMMENCING WITH SECTION 75) OF THE REVENUE AND TAXATION CODE OF THE STATE OF CALIFORNIA AND ASSESSMENTS, FOR COMMUNITY FACILITY DISTRICTS AFFECTING SAID LAND WHICH MAY EXIST BY VIRTUE OF ASSESSMENT MAPS OR NOTICES FILED BY SAID DISTRICTS.

3. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT:

GRANTEE	SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT, A
	PUBLIC CORPORATION
PURPOSE	RAPID TRANSIT TUNNEL AND FACILITIES
RECORDED	JULY 28, 1987
INSTRUMENT/FILE NO.	87-1197903, OF OFFICIAL RECORDS

SAID MATTER AFFECTS A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT.

4. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT:

GRANTEE	CITY OF LOS ANGELES
PURPOSE	PUBLIC ROAD AND HIGHWAY PURPOSES
RECORDED	FEBRUARY 11, 1991
INSTRUMENT/FILE NO.	91-202911, OF OFFICIAL RECORDS

SAID MATTER AFFECTS A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT.

Continued on next page

## +++++ REQUIREMENTS +++++

1. THIS COMPANY WILL REQUIRE THE FOLLOWING DOCUMENTS IN ORDER TO INSURE A CONVEYANCE OR ENCUMBRANCE BY THE CORPORATION OR UNINCORPORATED ASSOCIATION NAMED BELOW:

CORPORATION: COUNTY OF LOS ANGELES, A CALIFORNIA CORPORATION

- (A) A COPY OF THE CORPORATION BY-LAWS OR ARTICLES.
- (B) AN ORIGINAL OR CERTIFIED COPY OF THE RESOLUTION AUTHORIZING THE SUBJECT TRANSACTION.
- (C) IF THE ARTICLES OR BY-LAWS REQUIRE APPROVAL BY A "PARENT" ORGANIZATION, WE WILL ALSO REQUIRE A COPY OF THOSE BY-LAWS OR ARTICLES.
- (D) IF AN UNINCORPORATED ASSOCIATION, A STATEMENT PURSUANT TO APPLICABLE LAW (SUCH AS CALIFORNIA CORPORATION CODE SECTION 20002). THE RIGHT IS RESERVED TO ADD REQUIREMENTS OR ADDITIONAL ITEMS AFTER COMPLETION OF SUCH REVIEW.

2. IT IS THE POLICY OF STEWART TITLE OF CALIFORNIA - LOS ANGELES DIVISION TO COLLECT ALL TITLE CHARGES AND DEDUCT SAID CHARGES UPON RECORDING WHEN STEWART TITLE IS DOING THE PAYOFF.

END OF EXCEPTIONS

Continued on next page

## NOTES

1. INFORMATION IN POSSESSION OF THE COMPANY INDICATES THAT A DIVISION OF LAND, AS DEFINED IN GOVERNMENT CODE SECTION 66424, IS CONTEMPLATED IN THE CURRENT TRANSACTION INVOLVING THE LAND DESCRIBED IN THIS REPORT. SUCH CONTEMPLATED DIVISION OF LAND WOULD APPEAR TO FALL WITHIN THE PURVIEW OF THE SUBDIVISION MAP ACT (COMMENCING WITH GOVERNMENT CODE SECTION 66410), AND AS A PRE-REQUISITE TO THE ISSUANCE OF FINAL TITLE EVIDENCE AT LEAST ONE OF THE FOLLOWING REQUIREMENTS MUST BE ACCOMPLISHED TO THIS COMPANY'S SATISFACTION:

- (A) THAT A FINAL (TRACT) MAP HAS BEEN RECORDED IN COMPLIANCE WITH THE SUBDIVISION MAP ACT AND RELATED ORDINANCES;
- (B) THAT A PARCEL MAP HAS BEEN RECORDED IN COMPLIANCE WITH THE SUBDIVISION MAP ACT AND RELATED ORDINANCES;
- (C) THE RECORDING OF A CERTIFICATE OF COMPLIANCE, AS PROVIDED BY STATUTE;
- (D) THE RECORDING OF A WAIVER AS PROVIDED BY GOVERNMENT CODE SECTION 66428; OR
- (E) SUBMISSION OF OTHER SATISFACTORY EVIDENCE OF COMPLIANCE WITH OR NON-VIOLATION OF THE ACT.

## 2. LENDERS NOTE:

IF AN ALTA LOAN POLICY - 1970, AMENDED 10-17-70 (AMENDED 12-6-85) IS REQUESTED, THE FOLLOWING WILL BE ADDED AS AN EXCLUSION FROM COVERAGE:

ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS THAT IS BASED ON:

- (I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR TRANSFER; OR
- (II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR
- (III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:

- (A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR (B) OF SUCH

Continued on next page

RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A  
JUDGEMENT OR LIEN CREDITOR.

Continued on next page

**CALIFORNIA "GOOD FUNDS" LAW**

California Insurance Code Section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available prior to disbursement. Funds received by Stewart Title of California, Inc. (Stewart Title) via wire transfer may be disbursed upon receipt. Funds received via cashier's checks or teller checks drawn on a California Bank may be disbursed on the next business day after the day of deposit. If funds are received by any other means, recording and/or disbursement may be delayed, and you should contact your title or escrow officer. All escrow and sub-escrow funds received will be deposited with other escrow funds in one or more non-interest bearing escrow accounts in a financial institution selected by Stewart Title. Stewart Title may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with the financial institution, and Stewart Title shall have no obligation to account to the depositing party in any manner for the value of, or pay to such party, any benefit received by Stewart Title. Such benefits shall be deemed additional compensation to Stewart Title for its services in connection with the escrow or sub-escrow.

**WIRING INSTRUCTIONS**

IF YOU ANTICIPATE HAVING FUNDS WIRED TO STEWART TITLE OF CALIFORNIA, INC. OUR WIRING INFORMATION IS AS FOLLOWS:

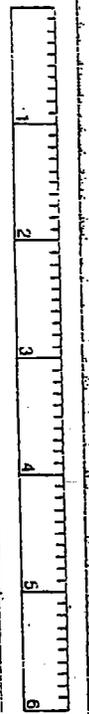
ADDITIONAL NOTE: DIRECT WIRE TRANSFERS TO:

CITY NATIONAL BANK  
5601 E. SLAUSON AVE  
CITY OF COMMERCE, CALIFORNIA 90040

ROUTING NO. 122016066  
CREDIT TO STEWART TITLE OF CALIFORNIA, INC.  
ACCOUNT # 013 218811  
REF: (ORDER # 040189140, TITLE OFFICER NAME: LARRY MCGUIRE)

WHEN INSTRUCTING THE FINANCIAL INSTITUTION TO WIRE FUNDS, IT IS VERY IMPORTANT THAT YOU REFERENCE STEWART TITLE'S ORDER NUMBER.

SHOULD YOU HAVE ANY QUESTIONS IN THIS REGARD PLEASE CONTACT YOUR TITLE OFFICER IMMEDIATELY.



SCALE IN 1/10 OF AN INCH

CSAR SCALE 1"=100'

CEVAR E. CHAVEZ

REVISED 7/1/97  
75-9714  
89-957  
94228650500-12  
9107160700100-13  
940114  
9401204002001-23  
9704-30

DETAIL  
NO SCALE

FORT HILL TRACT

M.R. 32-11-12

TRACT NO. 3279

M.B. 37-47

CITY LANDS OF LOS ANGELES

M.R. 2-504-505

WILLIAM E. REAVIS, LOT

M.B. 5-178

TRACT NO. 3189

M.B. 32-94

TRACT NO. 1041

M.B. 18-122-123

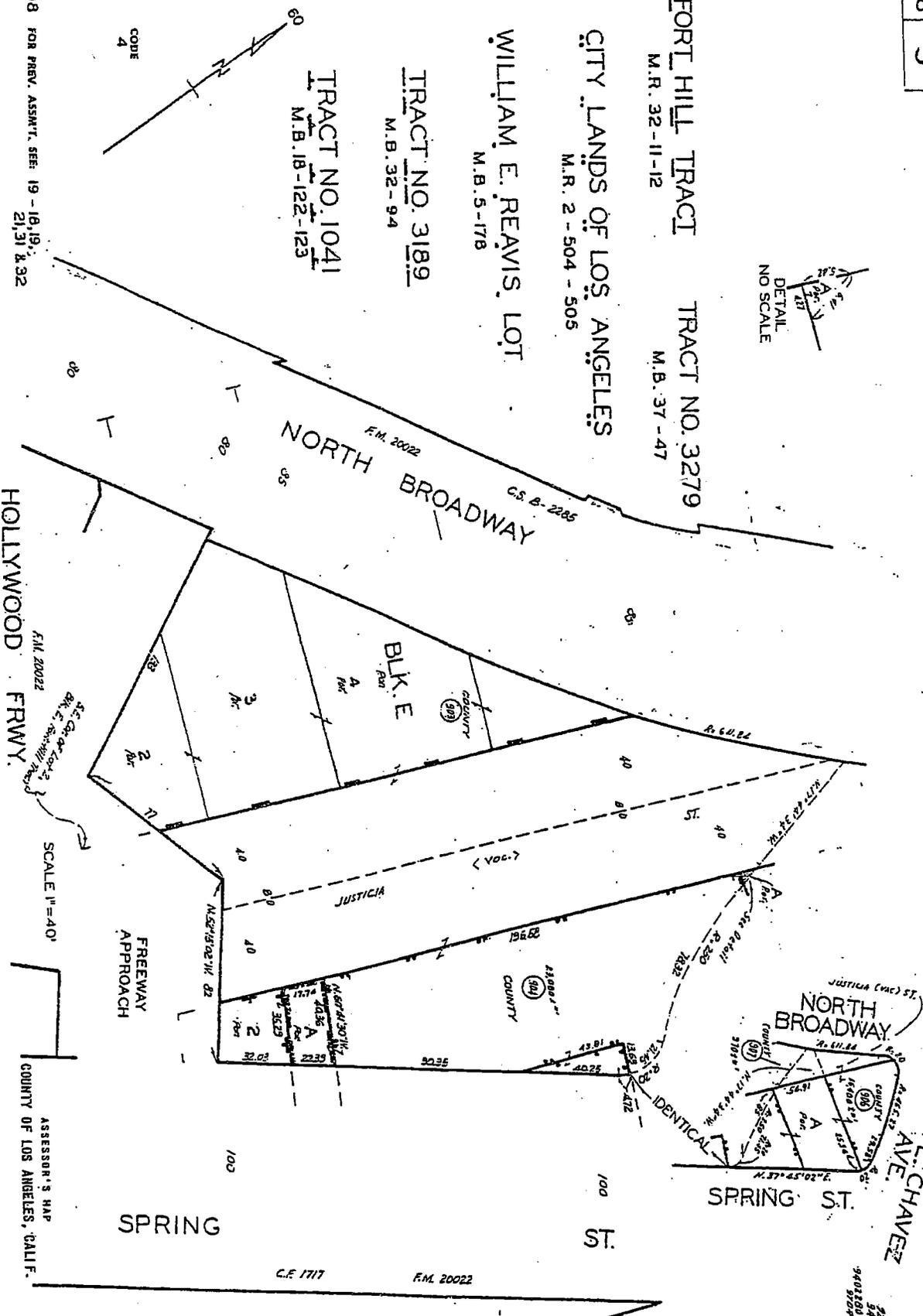
NO. 198 FOR PRV. ASSMT. SEE: 19-18, 19, 21, 31 & 32

HOLLYWOOD FRWY.

SCALE 1"=40'

ASSASSOR'S MAP  
COUNTY OF LOS ANGELES, CALIF.

MAY 0 8 1997



## EXHIBIT A

**CLTA PRELIMINARY REPORT FORM  
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS**

**SCHEDULE B**

**1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990  
EXCLUSIONS FROM COVERAGE**

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING OR ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) WHETHER OR NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE OR FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OR INDEBTEDNESS, TO COMPLY WITH THE APPLICABLE DOING BUSINESS LAWS, OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY OR THE TRANSACTION CREATING THE INTEREST OF THE INSURED LENDER, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY OR SIMILAR CREDITORS' RIGHTS LAWS.

**EXCEPTIONS FROM COVERAGE**

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.  
PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR WHICH MAY BE ASSERTED BY PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

CLTA PRELIMINARY REPORT FORM

2. AMERICAN LAND TITLE ASSOCIATION  
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)  
EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENTAL REGULATION. THIS INCLUDES BUILDING AND ZONING ORDINANCES AND ALSO LAWS AND REGULATIONS CONCERNING:

- \* LAND USE
- \* LAND DIVISION
- \* IMPROVEMENTS ON THE LAND
- \* ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS WHICH APPEAR IN THE PUBLIC RECORDS AT POLICY DATE.

THIS EXCLUSION DOES NOT LIMIT THE ZONING COVERAGE DESCRIBED IN ITEMS 12 AND 13 OF COVERED TITLE RISKS.

2. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:

- \* A NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS ON THE POLICY DATE
- \* THE TAKING HAPPENED PRIOR TO THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING

3. TITLE RISKS:

- \* THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU
- \* THAT ARE KNOWN TO YOU, BUT NOT TO US, ON THE POLICY DATE - - UNLESS THEY APPEARED IN THE PUBLIC RECORDS
- \* THAT RESULT IN NO LOSS TO YOU
- \* THAT FIRST AFFECT YOUR TITLE AFTER THE POLICY DATE - - THIS DOES NOT LIMIT THE LABOR AND MATERIAL LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS

4. FAILURE TO PAY VALUE FOR YOUR TITLE.

5. LACK OF A RIGHT:

- \* TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN ITEM 3 OF SCHEDULE A OR
- \* IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH YOUR LAND

THIS EXCLUSION DOES NOT LIMIT THE ACCESS COVERAGE IN ITEM 5 OF COVERED TITLE RISKS.

EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. ANY RIGHTS, INTERESTS, OR CLAIMS OF PARTIES IN POSSESSION OF THE LAND NOT SHOWN BY THE PUBLIC RECORDS.
2. ANY EASEMENTS OR LIENS NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS.
3. ANY FACTS ABOUT THE LAND WHICH A CORRECT SURVEY WOULD DISCLOSE AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE FORCED REMOVAL COVERAGE IN ITEM 12 OF COVERED TITLE RISKS.
4. ANY WATER RIGHTS OR CLAIMS OR TITLE TO WATER IN OR UNDER THE LAND, WHETHER OR NOT SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

3. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE  
AND  
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE  
EXCLUSIONS AND COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEY'S FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (EXCEPT TO THE EXTENT THAT THIS POLICY INSURES THE PRIORITY OF THE LIEN OF THE INSURED MORTGAGE OVER ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIAL OR TO THE EXTENT INSURANCE IS AFFORDED HEREIN AS TO THE ASSESSMENTS FOR STREET IMPROVEMENTS UNDER CONSTRUCTION OR COMPLETED AT DATE OF POLICY); OR
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS (OR THE CLAIM OF PRIORITY OF ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS OVER THE LIEN OF THE INSURED MORTGAGE) ARISING FROM AN IMPROVEMENT OR WORK RELATED TO THE LAND WHICH IS CONTRACTED FOR AND COMMENCED SUBSEQUENT TO DATE OF POLICY AND IS NOT FINANCED IN WHOLE OR IN PART BY PROCEEDS OF THE INDEBTEDNESS SECURED BY THE INSURED MORTGAGE WHICH AT DATE OF POLICY THE INSURED HAS ADVANCED OR IS OBLIGATED TO ADVANCE.
7. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OR EQUITABLE SUBORDINATION; OR
  - (III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
    - (A) TO TIMELY RECORDED THE INSTRUMENT OF TRANSFER; OR
    - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

## CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

### EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS. PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

#### 4. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)

AND

#### AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)

#### EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:  
(A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;  
(B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;  
(C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;  
(D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR  
(E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (I) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (II) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
    - (A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR
    - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

# CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.  
PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

## 5. CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (6-2-98) ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-17-98) EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENT REGULATION. THIS INCLUDES ORDINANCES, LAWS AND REGULATIONS CONCERNING:
  - A. BUILDING
  - B. ZONING
  - C. LAND USE
  - D. IMPROVEMENTS ON LAND
  - E. LAND DIVISION
  - F. ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS IF NOTICE OF THE VIOLATION OR ENFORCEMENT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.

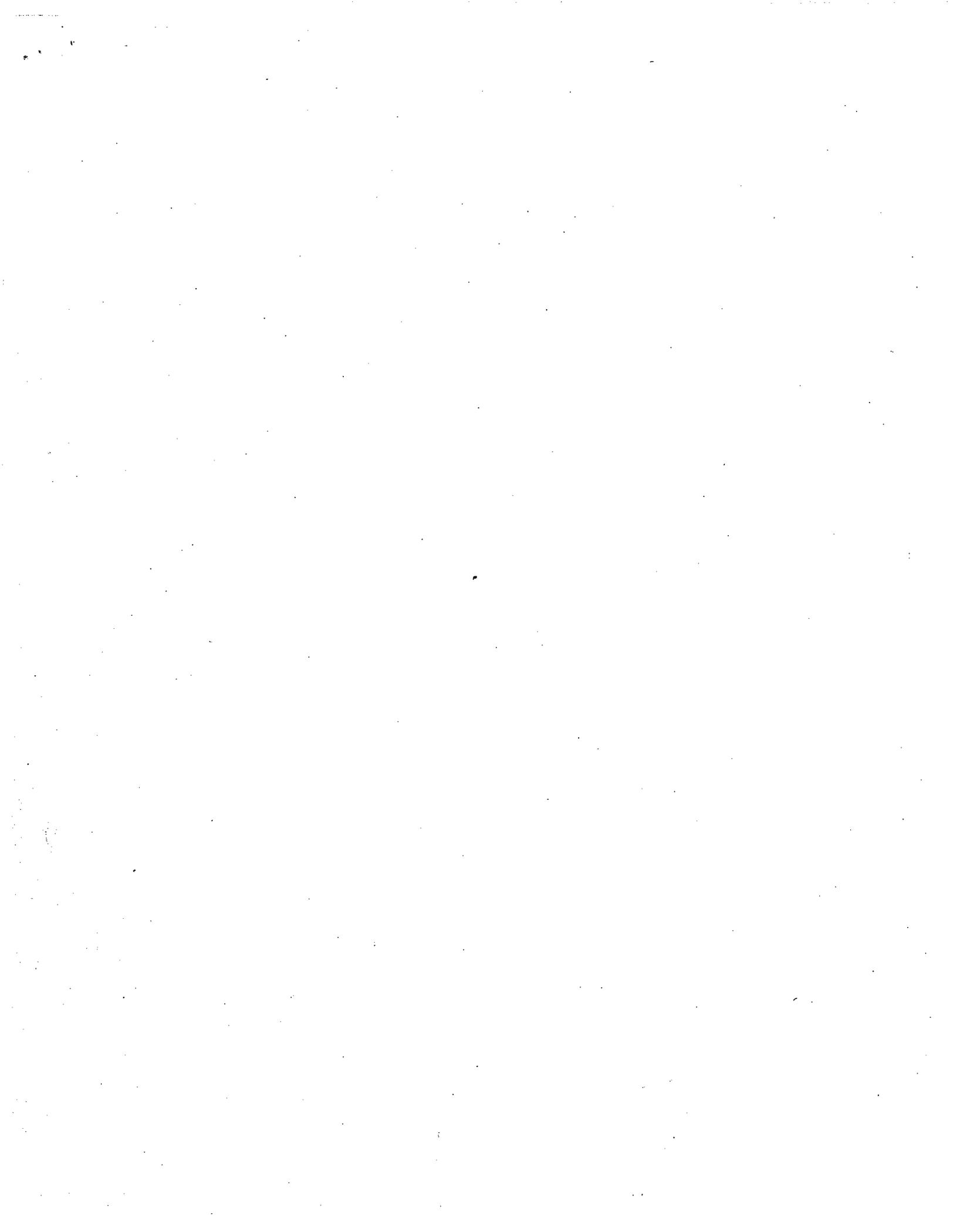
THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 14, 15, 16, 17, OR 24.

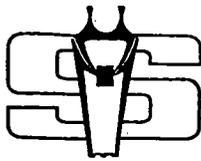
2. THE FAILURE OF YOUR EXISTING STRUCTURES, OR ANY PART OF THEM, TO BE CONSTRUCTED IN ACCORDANCE WITH APPLICABLE BUILDING CODES. THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OF BUILDING CODES IF NOTICE OF THE VIOLATION APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.
3. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:
  - A. NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE; OR
  - B. THE TAKING HAPPENED BEFORE THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING.
4. RISKS:
  - A. THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU, WHETHER OR NOT THEY APPEAR IN THE PUBLIC RECORDS;
  - B. THAT ARE KNOWN TO YOU AT THE POLICY DATE, BUT NOT TO US, UNLESS THEY APPEAR IN THE PUBLIC RECORDS AT THE POLICY DATE;
  - C. THAT RESULT IN NO LOSS TO YOU; OR
  - D. THAT FIRST OCCUR AFTER THE POLICY DATE - THIS DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 7, 8.D, 22, 23, 24 OR 25.
5. FAILURE TO PAY VALUE FOR YOUR TITLE.
6. LACK OF A RIGHT:
  - A. TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN PARAGRAPH 3 OF SCHEDULE A;  
AND
  - B. IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH THE LAND.THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 11 OR 18.

**6. "GOLD" COMPREHENSIVE PROTECTION  
LOAN POLICY OF TITLE INSURANCE  
EXCLUSIONS FROM COVERAGE**

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:  
(A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;  
(B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;  
(C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;  
(D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (THIS EXCLUSION FROM COVERAGE 3 (D) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 7, 8, 15, 16, 18, 21, 22, 24, 25, 26, 28, 29, 30, 32, 33, 34, 35, 38, 39, AND 40);  
(E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON ANY CONSUMER CREDIT PROTECTION OR TRUTH-IN-LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:  
(A) THE TRANSACTION CREATING THE ESTATE OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR  
(B) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR  
(C) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE;  
(I) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR  
(II) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.
7. TAXES, ASSESSMENTS, COSTS, CHARGES, DAMAGES AND OTHER OBLIGATIONS TO THE GOVERNMENT SECURED BY STATUTORY LIENS THAT BECOME A LIEN ON THE LAND SUBSEQUENT TO DATE OF POLICY, BUT THIS EXCLUSION 7 DOES NOT LIMIT THE COVERAGE OF INSURING PROVISION 34.





Sanctity of Contract

5408-005-904

**STEWART TITLE OF CALIFORNIA, INC.,  
LOS ANGELES DIVISION**  
525 N. BRAND BLVD.  
GLENDALE, CA 91203  
(818) 502-2700  
[www.stewarttitlela.com](http://www.stewarttitlela.com)

MEMBER CALIFORNIA LAND TITLE ASSOCIATION

**PRELIMINARY REPORT**

DMJM MANAGEMENT  
515 S FLOWER 9TH FL  
LOS ANGELES, CA 90071  
Attn: RICHARD ERICKSON

Order Number: 040189141

Your Reference: EL PUEBLO

In response to the above referenced application for a Policy of Title Insurance, Stewart Title of California, Inc. hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referenced to as an Exception on Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions, and Stipulations of said Policy forms.

The printed exceptions and exclusions from the coverage of said policy or policies are set forth in the attached list. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report, (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance a binder or commitment should be requested.

Dated as of November 12, 2003 at 7:30 A.M.

LARRY MCGUIRE Title Officer  
(818) 502-2723 Fax: (818) 241-9173

**PRELIMINARY REPORT**

The form of Policy of Title Insurance contemplated by this report is:  
California Land Title Association Standard Coverage Policy

**SCHEDULE A**

The Estate or Interest in the land hereinafter described or referred  
to covered by this report is:

A FEE

Title to said estate or interest at the date hereof is vested in:

COUNTY OF LOS ANGELES

Continued on next page

## LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

PARCEL 1:

THAT PORTION OF THE CITY LANDS OF LOS ANGELES, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 2 PAGES 504 AND 505 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE EASTERN LINE OF ETERNITY STREET (NOW BUENA VISTA STREET) 346 FEET SOUTHERLY FROM THE SOUTHEAST CORNER OF THE CROSSING OF SHORT AND ETERNITY STREETS, WHICH POINT IS THE COMMON CORNER OF THE PROPERTY OF HINES AND CUMMINGS AND RUNNING THENCE ALONG ETERNITY STREET SOUTH  $22\ 1/2^\circ$  WEST 129  $1/2$  FEET TO THE LAND OF EVERTS, FORMERLY A PORTION OF BEAUDRY TRACT; THENCE SOUTH  $61\ 1/2^\circ$  EAST ALONG THE NORTHERLY LINE OF EVERTS LAND 66  $8/12$  FEET TO A POINT; THENCE NORTH  $20^\circ$  EAST ALONG A ROW OF PEPPER TREES 136 FEET TO THE LAND OF CUMMINGS; THENCE NORTH  $61\ 1/2^\circ$  WEST 61 FEET TO THE POINT OF BEGINNING ON ETERNITY STREET, AND BEING THE SAME LAND DESCRIBED IN A DEED DATED MAY 25, 1874, FROM JAMES HINES, ET AL., TO HENRY SLOTTERBECK AND RECORDED IN BOOK 29 OF DEEDS, PAGE 491 ET SEQ., RECORDS OF SAID LOS ANGELES COUNTY.

EXCEPTING FROM THE ABOVE DESCRIBED PARCEL OF LAND ANY PORTION THEREOF LYING SOUTHEASTERLY, EASTERLY OR NORTHEASTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE SOUTHWESTERLY LINE OF TRACT NO. 1588 AS SHOWN ON MAP RECORDED IN BOOK 20 PAGE 16 OF MAPS, RECORDS OF LOS ANGELES COUNTY, SAID POINT BEING SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE 29.76 FEET FROM THE MOST WESTERLY CORNER OF SAID TRACT; THENCE N.  $37^\circ\ 47'\ 50''$  E. (THROUGH A POINT IN THE NORTHEASTERLY LINE OF TRACT NO. 3189, AS SHOWN ON MAP RECORDED IN BOOK 32, PAGE 94 OF MAPS, RECORDS OF SAID COUNTY, WHICH IS SOUTHEASTERLY ALONG SAID NORTHEASTERLY LINE 40.36 FEET FROM THE MOST NORTHERLY CORNER OF SAID TRACT) A DISTANCE OF 1205.76 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE WEST, TANGENT TO ABOVE MENTIONED COURSE OF N.  $37^\circ\ 47'\ 50''$  E. AND HAVING A RADIUS OF 20 FEET; THENCE NORTHERLY ALONG SAID CURVE 26.17 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHEAST, TANGENT TO SAID LAST MENTIONED CURVE, AND HAVING A RADIUS OF 250 FEET; THENCE NORTHWESTERLY ALONG SAID LAST MENTIONED CURVE 85 FEET.

Continued on next page

ALSO; THE EASTERLY HALF OF THAT PORTION OF JUSTICIA STREET, VACATED, LYING WESTERLY OF AND ADJOINING A PARCEL OF LAND DESCRIBED AS FOLLOWS:

A CERTAIN PIECE OF PROPERTY DESCRIBED AS COMMENCING AT A POINT ON THE EASTERN LINE OF ETERNITY STREET (NOW BUENA VISTA STREET) 346 FEET SOUTHERLY FROM THE SOUTHEAST CORNER OF THE CROSSING OF SHORT AND ETERNITY STREETS, WHICH POINT IS THE COMMON CORNER OF THE PROPERTY OF HINES AND CUMMINGS AND RUNNING THENCE ALONG ETERNITY STREET SOUTH  $22\frac{1}{2}^{\circ}$  WEST 129  $\frac{1}{2}$  FEET TO THE LAND OF EVERTS, FORMERLY A PORTION OF BEAUDRY TRACT; THENCE SOUTH  $61\frac{1}{2}^{\circ}$  EAST ALONG THE NORTHERLY LINE OF EVERTS LAND 66  $81\frac{1}{2}$  FEET TO A POINT; THENCE NORTH  $20^{\circ}$  EAST ALONG A ROW OF PEPPER TREES 136 FEET TO THE LAND OF CUMMINGS, THENCE NORTH  $61\frac{1}{2}^{\circ}$  WEST 61 FEET TO THE POINT OF BEGINNING ON ETERNITY STREET, AND BEING THE SAME LAND DESCRIBED IN A DEED DATED MAY 25, 1874, FROM JAMES HINES, ET AL. TO HENRY SLOTTERBECK AND RECORDED IN BOOK 29 OF DEEDS, PAGE 491, ET SEQ., RECORDS OF SAID LOS ANGELES COUNTY.

PARCEL 2:

LOT "A", TRACT NO. 3279, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 37 PAGE 47 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THE ABOVE DESCRIBED PARCEL OF LAND ANY PORTION THEREOF LYING SOUTHEASTERLY, EASTERLY OR NORTHEASTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE SOUTHWESTERLY LINE OF TRACT NO. 1588 AS SHOWN ON MAP RECORDED IN BOOK 20 PAGE 16 OF MAPS, RECORDS OF LOS ANGELES COUNTY, SAID POINT BEING SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE 29.76 FEET FROM THE MOST WESTERLY CORNER OF SAID TRACT; THENCE N.  $37^{\circ} 47' 50''$  E. (THROUGH A POINT IN THE NORTHEASTERLY LINE OF TRACT NO. 3189, AS SHOWN ON MAP RECORDED IN BOOK 32 PAGE 94 OF MAPS, RECORDS OF SAID COUNTY, WHICH IS SOUTHEASTERLY ALONG SAID NORTHEASTERLY LINE 40.36 FEET FROM THE MOST NORTHERLY CORNER OF SAID TRACT), A DISTANCE OF 1205.76 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE WEST, TANGENT TO ABOVE MENTIONED COURSE OF N.  $37^{\circ} 47' 50''$  E. AND HAVING A RADIUS OF 20 FEET; THENCE NORTHERLY ALONG SAID CURVE 26.17 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHEAST, TANGENT TO SAID LAST MENTIONED CURVE, AND HAVING A RADIUS OF 250 FEET; THENCE NORTHWESTERLY ALONG SAID LAST MENTIONED CURVE 85 FEET.

ALSO; THE EASTERLY HALF OF THAT PORTION OF JUSTICIA STREET, VACATED, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, LYING WESTERLY OF AND ADJOINING LOT "A" OF

Continued on next page

TRACT 3279, AS PER MAP RECORDED IN BOOK 37 PAGE 47 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING FROM THE ABOVE DESCRIBED PARCELS OF LAND ANY PORTION THEREOF LYING SOUTHEASTERLY, EASTERLY OR NORTHEASTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE SOUTHWESTERLY LINE OF TRACT NO. 1588 AS SHOWN ON MAP RECORDED IN BOOK 20 PAGE 16 OF MAPS, RECORDS OF LOS ANGELES COUNTY, SAID POINT BEING SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE 29.76 FEET FROM THE MOST WESTERLY CORNER OF SAID TRACT THENCE N. 37° 47' 50" E. (THROUGH A POINT IN THE NORTHEASTERLY LINE OF TRACT NO. 3189, AS SHOWN ON MAP RECORDED IN BOOK 32 PAGE 94 OF MAPS, RECORDS OF SAID COUNTY, WHICH IS SOUTHEASTERLY ALONG SAID NORTHEASTERLY LINE 40.36 FEET FROM THE MOST NORTHERLY CORNER OF SAID TRACT) A DISTANCE OF 1205.76 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE WEST, TANGENT TO ABOVE MENTIONED COURSE OF N. 37° 47' 50" E. AND HAVING A RADIUS OF 20 FEET; THENCE NORTHERLY ALONG SAID CURVE 26.17 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHEAST, TANGENT TO SAID LAST MENTIONED CURVE, AND HAVING A RADIUS OF 250 FEET; THENCE NORTHWESTERLY ALONG SAID LAST MENTIONED CURVE 85 FEET.

PARCEL 3:

LOT "A" OF TRACT 3189 IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 32 PAGE 94 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING FROM THE ABOVE DESCRIBED PARCEL OF LAND ANY PORTION THEREOF WHICH LIES BETWEEN THE FOLLOWING DESCRIBED LINE AND A LINE WHICH IS PARALLEL WITH AND 100 FEET SOUTHEASTERLY, MEASURED AT RIGHT ANGLES THEREFROM:

BEGINNING AT A POINT ON THE SOUTHWESTERLY LINE OF TRACT NO. 1588 AS SHOWN ON MAP RECORDED IN BOOK 20 PAGE 16 OF MAPS, RECORDS OF LOS ANGELES COUNTY, SAID POINT BEING SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE 29.76 FEET FROM THE MOST WESTERLY CORNER OF SAID TRACT; THENCE N. 37° 47' 50" E. (THROUGH A POINT IN THE NORTHEASTERLY LINE OF TRACT NO. 3189, AS SHOWN ON MAP RECORDED IN BOOK 32 PAGE 94 OF MAPS; RECORDS OF SAID COUNTY, WHICH IS SOUTHEASTERLY ALONG SAID NORTHEASTERLY LINE 40.36 FEET FROM THE MOST NORTHERLY CORNER OF SAID TRACT) A DISTANCE OF 1205.76 FEET.

PARCEL 4:

THAT PORTION OF THE WILLIAM E. REAVIS LOT, IN THE CITY OF LOS

Continued on next page

ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5 PAGE 178 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WESTERLY LINE OF NEW HIGH STREET, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AT THE NORTHEAST CORNER OF A TRACT OF LAND CONVEYED BY THE CITY OF LOS ANGELES TO AUGUSTIN OLVERA BY DEED RECORDED IN BOOK 5 PAGE 154 OF DEEDS; THENCE SOUTHERLY ALONG SAID LINE OF NEW HIGH STREET, 90 FEET, MORE OR LESS, TO THE NORTHEAST CORNER OF THE LOT CONVEYED BY MANUEL VALENZUELA AND JOSE MARIA YOUNG TO DAVID EMERSON AND RICHARD S. DEERING BY DEED RECORDED IN BOOK 170 PAGE 304 OF DEEDS; THENCE WESTERLY ALONG SAID NORTHERLY LINE OF SAID LOT AND THE PROLONGATION THEREOF 107.48 FEET, MORE OR LESS, TO THE EASTERLY LINE OF THE LOT CONVEYED BY SOPIA HINES, ET AL., TO HENRY SLOTTERBECK BY DEED RECORDED IN BOOK 29 PAGE 491 OF DEEDS; THENCE ALONG SAID LAST MENTIONED LINE NORTH 20° EAST 90 FEET, OR THEREABOUTS, TO THE NORTHEAST CORNER OF SAID LOT; THENCE EASTERLY 110 FEET A LITTLE MORE OR LESS TO THE POINT OF BEGINNING.

EXCEPTING FROM THE ABOVE DESCRIBED PARCEL OF LAND ANY PORTION THEREOF WHICH LIES EASTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE SOUTHWESTERLY LINE OF TRACT NO. 1588, AS SHOWN ON MAP RECORDED IN BOOK 20, PAGE 16 OF MAPS, RECORDS OF LOS ANGELES COUNTY, SAID POINT BEING SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE 29.76 FEET FROM THE MOST WESTERLY CORNER OF SAID TRACT; THENCE N. 37° 47' 50" E. (THROUGH A POINT IN THE NORTHEASTERLY LINE OF TRACT NO. 3189 AS SHOWN ON MAP RECORDED IN BOOK 32 PAGE 94 OF MAPS, RECORDS OF SAID COUNTY, WHICH IS SOUTHEASTERLY ALONG SAID NORTHEASTERLY LINE 40.36 FEET FROM THE MOST NORTHERLY CORNER OF SAID TRACT) A DISTANCE OF 1205.76 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE WEST, TANGENT TO ABOVE MENTIONED COURSE OF N. 37° 47' 50" E. AND HAVING A RADIUS OF 20 FEET; THENCE NORTHERLY ALONG SAID CURVE 26.17 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHEAST, TANGENT TO SAID LAST MENTIONED CURVE, AND HAVING A RADIUS OF 250 FEET; THENCE NORTHWESTERLY ALONG SAID LAST MENTIONED CURVE 85 FEET.

PARCEL 5:

LOTS 1 AND 2, TRACT 1041, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, EXCEPT THAT PORTION THEREOF LYING NORTH OF A LINE DRAWN FROM THE NORTHEAST CORNER OF SAID LOT 1 TO A POINT IN THE WESTERLY LINE OF SAID LOT 2, DISTANT 1.38 FEET SOUTHERLY FROM THE NORTHWEST CORNER THEREOF.

EXCEPTING FROM THE ABOVE DESCRIBED PARCEL OF LAND ANY PORTION

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THEREOF WHICH LIES BETWEEN THE FOLLOWING DESCRIBED LINE AND A LINE WHICH IS PARALLEL WITH AND 100 FEET SOUTHEASTERLY, MEASURED AT RIGHT ANGLES THEREFROM:

BEGINNING AT A POINT IN THE SOUTHWESTERLY LINE OF TRACT NO. 1588, AS SHOWN ON MAP RECORDED IN BOOK 20 PAGE 16 OF MAPS, RECORDS OF LOS ANGELES COUNTY, SAID POINT BEING SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE 29.76 FEET FROM THE MOST WESTERLY CORNER OF SAID TRACT; THENCE N.  $37^{\circ} 47' 50''$  E. (THROUGH A POINT IN THE NORTHEASTERLY LINE OF TRACT NO. 3189, AS SHOWN ON MAP RECORDED IN BOOK 32 PAGE 94 OF MAPS, RECORDS OF SAID COUNTY, WHICH IS SOUTHEASTERLY ALONG SAID NORTHEASTERLY LINE 40.26 FEET FROM THE MOST NORTHEASTERLY CORNER OF SAID TRACT) A DISTANCE OF 1205.76 FEET.

ALSO; THE SOUTHEASTERLY HALF OF THAT PORTION OF JUSTICIA STREET IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, LYING NORTHWESTERLY OF AND ADJOINING LOT 2 OF TRACT NO. 1041 AT 18-122 OF MAPS, EXCEPT THE NORTHERLY 1.38 FEET OF SAID LOT.

PARCEL 6:

THE EASTERLY HALF OF THAT PORTION OF JUSTICIA STREET LYING WESTERLY OF TWO PARCELS OF LAND DESCRIBED AS FOLLOWS:

PARCEL 1. THAT PORTION OF THE CITY LANDS OF LOS ANGELES, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 2 PAGES 504 AND 505 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE EASTERLY LINE OF BUENA VISTA STREET, 80 FEET WIDE, DISTANT SOUTH  $22^{\circ} 44' 30''$  WEST 146.41 FEET FROM THE INTERSECTION OF SAID EASTERLY LINE WITH THE SOUTHWESTERLY LINE OF SUNSET BOULEVARD, 100 FEET WIDE, THENCE ALONG SAID BUENA VISTA STREET SOUTH  $22^{\circ} 44' 30''$  WEST 33.75 FEET; THENCE SOUTH  $71^{\circ} 04'$  EAST 171.86 FEET TO A POINT IN THE WESTERLY LINE OF NEW HIGH STREET; THENCE ALONG SAID STREET, NORTH  $21^{\circ} 49' 15''$  EAST 46.78 FEET; THENCE NORTH  $75^{\circ} 24' 30''$  WEST 172.48 FEET TO THE POINT OF BEGINNING.

PARCEL 2. THAT PORTION OF THE CITY LANDS OF LOS ANGELES, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 2 PAGES 504 AND 505 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE EASTERLY LINE OF BUENA VISTA STREET, 80 FEET WIDE, DISTANT SOUTH  $22^{\circ} 44' 30''$  WEST 180.16 FEET

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FROM THE INTERSECTION OF SAID EASTERLY LINE WITH THE SOUTHWESTERLY LINE OF SUNSET BOULEVARD, 100 FEET WIDE; THENCE ALONG SAID BUENA VISTA STREET, SOUTH 22° 44' 30" WEST 32.69 FEET TO THE INTERSECTION OF SAID EASTERLY LINE WITH THE WESTERLY PROLONGATION OF THE NORTHERLY LINE OF THE WILLIAM E. REAVIS LOT, AS PER MAP RECORDED IN BOOK 5 PAGE 178 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID PROLONGATION AND ALONG SAID NORTHERLY LINE, SOUTH 66° 35' 30" EAST 172.23 FEET TO THE WESTERLY LINE OF NEW HIGH STREET; THENCE ALONG SAID NEW HIGH STREET, NORTH 21° 49' 15" EAST 46.11 FEET, THENCE NORTH 71° 04' WEST 171.86 FEET TO THE POINT OF BEGINNING.

ALSO; THAT PORTION OF THE EASTERLY HALF OF JUSTICIA STREET IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, LYING WESTERLY OF AND ADJOINING LOT "A" OF TRACT NO. 3189 AT 32/94 MAPS AND THE NORTHERLY 1.38 FEET OF LOT 2 OF TRACT NO. 1041 AT 18-122 OF MAPS. PARCEL NO. 39. THAT CERTAIN PIECE OR PARCEL OF LAND LYING AND BEING IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND PARTICULARLY DESCRIBED AS FOLLOWS, TO WIT:

BEGINNING AT THE MOST SOUTHERLY CORNER OF TRACT NO. 1041, AS PER MAP RECORDED IN BOOK 18 PAGES 122 AND 123 OF MAPS, RECORDS OF LOS ANGELES COUNTY, THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF SAID TRACT NO. 1041 TO THE MOST WESTERLY CORNER OF SAID TRACT; THENCE SOUTHWESTERLY ALONG THE SOUTHEASTERLY LINE OF BUENA VISTA STREET, TO A POINT DISTANT 5 FEET SOUTHWESTERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHWESTERLY LINE OF SAID TRACT NO. 1041; THENCE SOUTHEASTERLY AND PARALLEL WITH THE SOUTHWESTERLY LINE OF SAID TRACT NO. 1041 TO A POINT IN THE NORTHWESTERLY LINE OF NEW HIGH STREET; THENCE NORTHEASTERLY IN A DIRECT LINE TO THE PLACE OF BEGINNING, DECLARED A PUBLIC ALLEY BY ORDINANCE NO. 28056 (NEW SERIES).

EXCEPTING FROM THE ABOVE DESCRIBED PARCEL OF LAND ANY PORTION THEREOF WHICH LIES BETWEEN THE FOLLOWING DESCRIBED LINE AND A LINE WHICH IS PARALLEL WITH AND 100 FEET SOUTHEASTERLY MEASURED AT RIGHT ANGLES THEREFROM:

BEGINNING AT A POINT ON THE SOUTHWESTERLY LINE OF TRACT NO. 1588 AS SHOWN ON MAP RECORDED IN BOOK 20 PAGE 16 OF MAPS, RECORDS OF LOS ANGELES COUNTY, SAID POINT BEING SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE 29.76 FEET FROM THE MOST WESTERLY CORNER OF SAID TRACT; THENCE N. 37° 47' 50" E. (THROUGH A POINT IN THE NORTHEASTERLY LINE OF TRACT NO. 3189, AS SHOWN ON MAP RECORDED IN BOOK 32 PAGE 94 OF MAPS, RECORDS OF SAID COUNTY, WHICH IS SOUTHEASTERLY ALONG SAID NORTHEASTERLY LINE 40.36 FEET FROM THE MOST NORTHERLY CORNER OF SAID TRACT) A DISTANCE OF 1205.76 FEET.

Continued on next page

## PARCEL 7:

THAT PORTION OF THE CITY LANDS OF LOS ANGELES, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 2 PAGES 504 AND 505 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE EASTERLY LINE OF BUENA VISTA STREET, 80 FEET WIDE, DISTANT SOUTH 22° 44' 30" WEST 146.41 FEET FROM THE INTERSECTION OF SAID EASTERLY LINE WITH THE SOUTHWESTERLY LINE OF SUNSET BOULEVARD, 100 FEET WIDE, THENCE ALONG SAID BUENA VISTA STREET SOUTH 22° 44' 30" WEST 33.75 FEET; THENCE SOUTH 71° 04' EAST 171.86 FEET TO A POINT IN THE WESTERLY LINE OF NEW HIGH STREET; THENCE ALONG SAID STREET NORTH 21° 49' 15" EAST 46.78 FEET; THENCE NORTH 75° 24' 30" WEST 172.48 FEET TO THE POINT OF BEGINNING, TOGETHER WITH THAT PORTION OF SAID CITY LANDS DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE EASTERLY LINE OF BUENA VISTA STREET 80 FEET WIDE, DISTANT SOUTH 22° 44' 30" WEST 180.16 FEET FROM THE INTERSECTION OF SAID EASTERLY LINE WITH THE SOUTHWESTERLY LINE OF SUNSET BOULEVARD 100 FEET WIDE; THENCE ALONG SAID BUENA VISTA STREET, SOUTH 22° 44' 30" WEST 32.69 FEET TO THE INTERSECTION OF SAID EASTERLY LINE WITH THE WESTERLY PROLONGATION OF THE NORTHERLY LINE OF THE WILLIAM E. REAVIS LOT, AS PER MAP RECORDED IN BOOK 5, PAGE 176 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID PROLONGATION AND ALONG SAID NORTHERLY LINE, SOUTH 66° 35' 30" EAST 172.23 FEET TO THE WESTERLY LINE OF NEW HIGH STREET; THENCE ALONG SAID NEW HIGH STREET NORTH 21° 49' 15" EAST, 46.11 FEET; THENCE NORTH 71° 04' WEST 171.86 FEET TO THE POINT OF BEGINNING.

EXCEPTING FROM THE ABOVE DESCRIBED PARCELS OF LAND ANY PORTION THEREOF LYING SOUTHEASTERLY, EASTERLY OR NORTHEASTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE SOUTHWESTERLY LINE OF TRACT NO. 1588, AS SHOWN ON MAP RECORDED IN BOOK 20, PAGE 16 OF MAPS RECORDS OF LOS ANGELES COUNTY, SAID POINT BEING SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE 29.76 FEET FROM THE MOST WESTERLY CORNER OF SAID TRACT; THENCE N. 37° 47' 50" E. (THROUGH A POINT IN THE NORTHEASTERLY LINE OF TRACT NO. 3189 AS SHOWN ON MAP RECORDED IN BOOK 32 PAGE 94 OF MAPS, RECORDS OF SAID COUNTY, WHICH IS SOUTHEASTERLY ALONG SAID NORTHEASTERLY LINE 40.36 FEET FROM THE MOST NORTHERLY CORNER OF SAID TRACT; A DISTANCE OF 1205.76 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE WEST, TANGENT TO ABOVE MENTIONED COURSE OF N. 37° 47' 50" E. AND HAVING A RADIUS OF 20 FEET; THENCE NORTHERLY ALONG SAID CURVE

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26.17 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE  
NORTHEAST, TANGENT TO SAID LAST MENTIONED CURVE, AND HAVING A  
RADIUS OF 250 FEET; THENCE NORTHWESTERLY ALONG SAID LAST  
MENTIONED CURVE 85 FEET.

EXCEPTING THEREFROM THE ABOVE-DESCRIBED PARCELS THOSE PORTIONS  
THEREOF LYING SOUTHERLY OF THE LAND DESCRIBED IN DEED RECORDED  
FEBRUARY 27, 1951 AS INSTRUMENT NO. 3710, OF OFFICIAL RECORDS.

END OF LEGAL DESCRIPTION

Continued on next page

## SCHEDULE B

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy or policies would be as follows:

1. PROPERTY TAXES, WHICH ARE A LIEN NOT YET DUE AND PAYABLE, INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, TO BE LEVIED FOR THE FISCAL YEAR 2004 - 2005 WHICH ARE A LIEN NOT YET PAYABLE.

1A. GENERAL AND SPECIAL CITY AND/OR COUNTY TAXES, BONDS OR ASSESSMENTS WHICH MAY BECOME DUE ON SAID LAND, IF AND WHEN TITLE TO SAID LAND IS NO LONGER VESTED IN A GOVERNMENTAL OR QUASI-GOVERNMENTAL AGENCY. TAX PARCEL(S) FOR SAID LAND ARE CURRENTLY SHOWN AS APN 5408-005-904.

2. THE LIEN OF SUPPLEMENTAL TAXES, IF ANY, ASSESSED PURSUANT TO THE PROVISIONS OF CHAPTER 3.5 (COMMENCING WITH SECTION 75) OF THE REVENUE AND TAXATION CODE OF THE STATE OF CALIFORNIA AND ASSESSMENTS, FOR COMMUNITY FACILITY DISTRICTS AFFECTING SAID LAND WHICH MAY EXIST BY VIRTUE OF ASSESSMENT MAPS OR NOTICES FILED BY SAID DISTRICTS.

3. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT:

GRANTEE	SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT, A PUBLIC CORPORATION
PURPOSE	RAPID TRANSIT TUNNEL AND FACILITIES
RECORDED	JULY 28, 1987
INSTRUMENT/FILE NO.	87-1197903, OF OFFICIAL RECORDS

SAID MATTER AFFECTS A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT.

### %% REQUIREMENTS %%

1) THIS COMPANY WILL REQUIRE THE FOLLOWING DOCUMENTS IN ORDER TO INSURE A CONVEYANCE OR ENCUMBRANCE BY THE CORPORATION OR UNINCORPORATED ASSOCIATION NAMED BELOW:

CORPORATION: COUNTY OF LOS ANGELES, A CALIFORNIA CORPORATION

Continued on next page

- (A) A COPY OF THE CORPORATION BY-LAWS OR ARTICLES.
- (B) AN ORIGINAL OR CERTIFIED COPY OF THE RESOLUTION AUTHORIZING THE SUBJECT TRANSACTION.
- (C) IF THE ARTICLES OR BY-LAWS REQUIRE APPROVAL BY A "PARENT" ORGANIZATION, WE WILL ALSO REQUIRE A COPY OF THOSE BY-LAWS OR ARTICLES.
- (D) IF AN UNINCORPORATED ASSOCIATION, A STATEMENT PURSUANT TO APPLICABLE LAW (SUCH AS CALIFORNIA CORPORATION CODE SECTION 20002). THE RIGHT IS RESERVED TO ADD REQUIREMENTS OR ADDITIONAL ITEMS AFTER COMPLETION OF SUCH REVIEW.

2) IT IS THE POLICY OF STEWART TITLE OF CALIFORNIA - LOS ANGELES DIVISION TO COLLECT ALL TITLE CHARGES AND DEDUCT SAID CHARGES UPON RECORDING WHEN STEWART TITLE IS DOING THE PAYOFF.

END OF EXCEPTIONS

Continued on next page

## NOTES

## LENDERS NOTE:

IF AN ALTA LOAN POLICY - 1970, AMENDED 10-17-70 (AMENDED 12-6-85) IS REQUESTED, THE FOLLOWING WILL BE ADDED AS AN EXCLUSION FROM COVERAGE:

ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS THAT IS BASED ON:

(I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR TRANSFER; OR

(II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR

(III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:

(A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGEMENT OR LIEN CREDITOR.

Continued on next page

**CALIFORNIA "GOOD FUNDS" LAW**

California Insurance Code Section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available prior to disbursement. Funds received by Stewart Title of California, Inc. (Stewart Title) via wire transfer may be disbursed upon receipt. Funds received via cashier's checks or teller checks drawn on a California Bank may be disbursed on the next business day after the day of deposit. If funds are received by any other means, recording and/or disbursement may be delayed, and you should contact your title or escrow officer. All escrow and sub-escrow funds received will be deposited with other escrow and sub-escrow funds received in one or more non-interest bearing escrow accounts in a financial institution selected by Stewart Title. Stewart Title may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with the financial institution, and Stewart Title shall have no obligation to account to the depositing party in any manner for the value of, or pay to such party, any benefit received by Stewart Title. Such benefits shall be deemed additional compensation to Stewart Title for its services in connection with the escrow or sub-escrow.

**WIRING INSTRUCTIONS**

IF YOU ANTICIPATE HAVING FUNDS WIRED TO STEWART TITLE OF CALIFORNIA, INC. OUR WIRING INFORMATION IS AS FOLLOWS:

ADDITIONAL NOTE: DIRECT WIRE TRANSFERS TO:

CITY NATIONAL BANK  
5601 E. SLAUSON AVE  
CITY OF COMMERCE, CALIFORNIA 90040

ROUTING NO. 122016066  
CREDIT TO STEWART TITLE OF CALIFORNIA, INC.  
ACCOUNT # 013 218811  
REF: (ORDER # 040189141, TITLE OFFICER NAME: LARRY MCGUIRE)

WHEN INSTRUCTING THE FINANCIAL INSTITUTION TO WIRE FUNDS, IT IS VERY IMPORTANT THAT YOU REFERENCE STEWART TITLE'S ORDER NUMBER.

SHOULD YOU HAVE ANY QUESTIONS IN THIS REGARD PLEASE CONTACT YOUR TITLE OFFICER IMMEDIATELY.

5408 5

FORT HILL TRACT  
M.R. 32-11-12

TRACT NO. 3279  
M.B. 37-47

CITY LANDS OF LOS ANGELES

M.R. 2-504-505

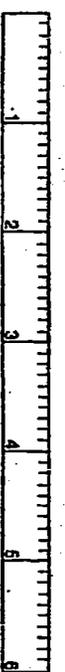
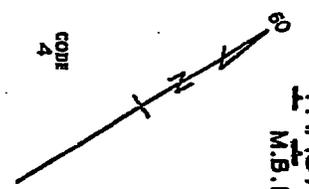
WILLIAM E. REAVIS, LOT

M.B. 5-179

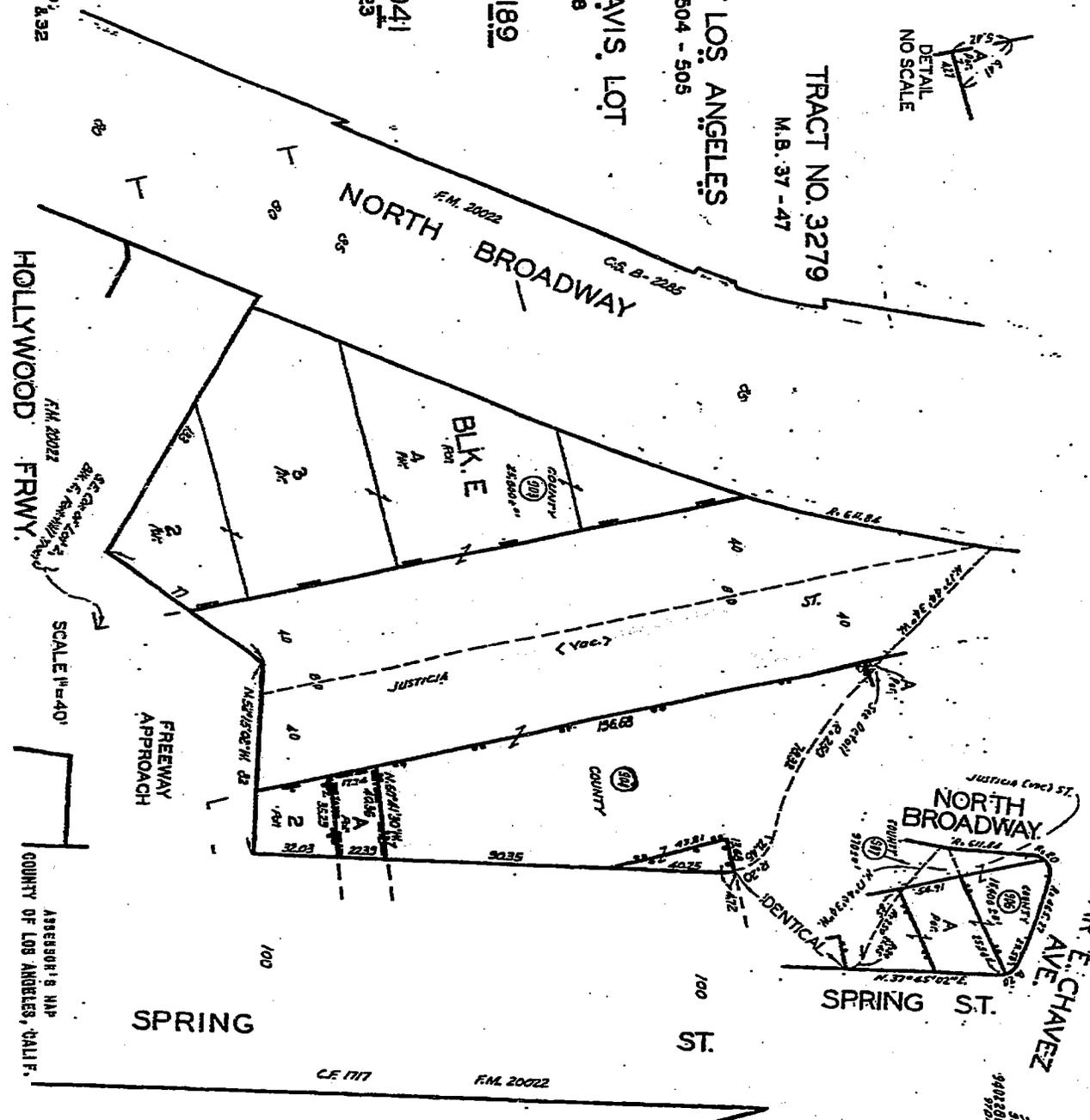
TRACT NO. 3189  
M.B. 32-94

TRACT NO. 1041  
M.B. 18-122-123

NO. 198 FOR REV. AMNT. GR. 19-18,19, 21,31 & 32



SCALE IN 1/160 OF AN INCH



HOLLYWOOD FRWY.  
F.M. 20022

SCALE 1"=40'

ASSESSOR'S MAP  
COUNTY OF LOS ANGELES, CALIF.

SPRING ST.

SPRING ST.

CESAR E. CHAVEZ  
SCALE 1"=100'

REVISED 7/10/12  
764714  
9028151050-21  
910716270000-23  
399842222004-59  
34014  
9402802001001-13  
990250

MAY 0 8 1997

THIS IS NEITHER A PLAN NOR A SURVEY. IT IS SUBMITTED AS A CONVEYANCE TO LOCATE THE LAND INDICATED HEREON WITH REFERENCE TO TRACTS AND OTHER LAND NO LIABILITY IS ASSUMED BY REASON OF NEGLIGENCE HEREON.

## EXHIBIT A

CLTA PRELIMINARY REPORT FORM  
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

## SCHEDULE B

1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990  
EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING OR ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) WHETHER OR NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE OR FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OR INDEBTEDNESS, TO COMPLY WITH THE APPLICABLE DOING BUSINESS LAWS, OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY OR THE TRANSACTION CREATING THE INTEREST OF THE INSURED LENDER, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY OR SIMILAR CREDITORS' RIGHTS LAWS.

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.  
PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR WHICH MAY BE ASSERTED BY PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

CLTA PRELIMINARY REPORT FORM

2. AMERICAN LAND TITLE ASSOCIATION  
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)  
EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENTAL REGULATION. THIS INCLUDES BUILDING AND ZONING ORDINANCES AND ALSO LAWS AND REGULATIONS CONCERNING:

- \* LAND USE
- \* LAND DIVISION
- \* IMPROVEMENTS ON THE LAND
- \* ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS WHICH APPEAR IN THE PUBLIC RECORDS AT POLICY DATE.

THIS EXCLUSION DOES NOT LIMIT THE ZONING COVERAGE DESCRIBED IN ITEMS 12 AND 13 OF COVERED TITLE RISKS.

2. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:

- \* A NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS ON THE POLICY DATE
- \* THE TAKING HAPPENED PRIOR TO THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING

3. TITLE RISKS:

- \* THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU
- \* THAT ARE KNOWN TO YOU, BUT NOT TO US, ON THE POLICY DATE - - UNLESS THEY APPEARED IN THE PUBLIC RECORDS
- \* THAT RESULT IN NO LOSS TO YOU
- \* THAT FIRST AFFECT YOUR TITLE AFTER THE POLICY DATE - - THIS DOES NOT LIMIT THE LABOR AND MATERIAL LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS

4. FAILURE TO PAY VALUE FOR YOUR TITLE.

5. LACK OF A RIGHT:

- \* TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN ITEM 3 OF SCHEDULE A OR
- \* IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH YOUR LAND

THIS EXCLUSION DOES NOT LIMIT THE ACCESS COVERAGE IN ITEM 5 OF COVERED TITLE RISKS.

EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. ANY RIGHTS, INTERESTS, OR CLAIMS OF PARTIES IN POSSESSION OF THE LAND NOT SHOWN BY THE PUBLIC RECORDS.
2. ANY EASEMENTS OR LIENS NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS.
3. ANY FACTS ABOUT THE LAND WHICH A CORRECT SURVEY WOULD DISCLOSE AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE FORCED REMOVAL COVERAGE IN ITEM 12 OF COVERED TITLE RISKS.
4. ANY WATER RIGHTS OR CLAIMS OR TITLE TO WATER IN OR UNDER THE LAND, WHETHER OR NOT SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

**3. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE  
AND  
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE  
EXCLUSIONS AND COVERAGE**

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEY'S FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:  
(A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;  
(B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;  
(C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;  
(D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (EXCEPT TO THE EXTENT THAT THIS POLICY INSURES THE PRIORITY OF THE LIEN OF THE INSURED MORTGAGE OVER ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIAL OR TO THE EXTENT INSURANCE IS AFFORDED HEREIN AS TO THE ASSESSMENTS FOR STREET IMPROVEMENTS UNDER CONSTRUCTION OR COMPLETED AT DATE OF POLICY); OR  
(E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS (OR THE CLAIM OF PRIORITY OF ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS OVER THE LIEN OF THE INSURED MORTGAGE) ARISING FROM AN IMPROVEMENT OR WORK RELATED TO THE LAND WHICH IS CONTRACTED FOR AND COMMENCED SUBSEQUENT TO DATE OF POLICY AND IS NOT FINANCED IN WHOLE OR IN PART BY PROCEEDS OF THE INDEBTEDNESS SECURED BY THE INSURED MORTGAGE WHICH AT DATE OF POLICY THE INSURED HAS ADVANCED OR IS OBLIGATED TO ADVANCE.
7. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OR EQUITABLE SUBORDINATION; OR
  - (III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
    - (A) TO TIMELY RECORDED THE INSTRUMENT OF TRANSFER; OR
    - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

# CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS. PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

### 4. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)

AND

### AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)

#### EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (I) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (II) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
    - (A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR
    - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

## CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

### EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.  
PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

### 5. CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (6-2-98)

#### ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-17-98)

##### EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENT REGULATION. THIS INCLUDES ORDINANCES, LAWS AND REGULATIONS CONCERNING:
  - A. BUILDING
  - B. ZONING
  - C. LAND USE
  - D. IMPROVEMENTS ON LAND
  - E. LAND DIVISION
  - F. ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS IF NOTICE OF THE VIOLATION OR ENFORCEMENT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.

THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 14, 15, 16, 17, OR 24.

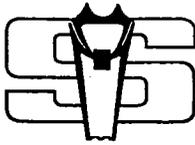
2. THE FAILURE OF YOUR EXISTING STRUCTURES, OR ANY PART OF THEM, TO BE CONSTRUCTED IN ACCORDANCE WITH APPLICABLE BUILDING CODES. THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OF BUILDING CODES IF NOTICE OF THE VIOLATION APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.
3. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:
  - A. NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE; OR
  - B. THE TAKING HAPPENED BEFORE THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING.
4. RISKS:
  - A. THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU, WHETHER OR NOT THEY APPEAR IN THE PUBLIC RECORDS;
  - B. THAT ARE KNOWN TO YOU AT THE POLICY DATE, BUT NOT TO US, UNLESS THEY APPEAR IN THE PUBLIC RECORDS AT THE POLICY DATE;
  - C. THAT RESULT IN NO LOSS TO YOU; OR
  - D. THAT FIRST OCCUR AFTER THE POLICY DATE - THIS DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 7, 8.D, 22, 23, 24 OR 25.
5. FAILURE TO PAY VALUE FOR YOUR TITLE.
6. LACK OF A RIGHT:
  - A. TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN PARAGRAPH 3 OF SCHEDULE A; AND
  - B. IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH THE LAND.

THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 11 OR 18.

**6. "GOLD" COMPREHENSIVE PROTECTION  
LOAN POLICY OF TITLE INSURANCE  
EXCLUSIONS FROM COVERAGE**

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (THIS EXCLUSION FROM COVERAGE 3 (D) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 7, 8, 15, 16, 18, 21, 22, 24, 25, 26, 28, 29, 30, 32, 33, 34, 35, 38, 39, AND 40);
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON ANY CONSUMER CREDIT PROTECTION OR TRUTH-IN-LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (A) THE TRANSACTION CREATING THE ESTATE OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (B) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR
  - (C) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE;
    - (I) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR
    - (II) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.
7. TAXES, ASSESSMENTS, COSTS, CHARGES, DAMAGES AND OTHER OBLIGATIONS TO THE GOVERNMENT SECURED BY STATUTORY LIENS THAT BECOME A LIEN ON THE LAND SUBSEQUENT TO DATE OF POLICY, BUT THIS EXCLUSION 7 DOES NOT LIMIT THE COVERAGE OF INSURING PROVISION 34.



Sanctity of Contract

**STEWART TITLE OF CALIFORNIA, INC.,  
LOS ANGELES DIVISION**  
525 N. BRAND BLVD.  
GLENDALE, CA 91203  
(818) 502-2700  
[www.stewarttitlela.com](http://www.stewarttitlela.com)

MEMBER CALIFORNIA LAND TITLE ASSOCIATION

**PRELIMINARY REPORT**

DMJM MANAGEMENT  
515 SOUTH FLOWER 9TH FLOOR  
LOS ANGELES, CA 90071  
Attn: RICHARD ERICKSON

Order Number: 040189142

Your Reference: EL PUEBLO

In response to the above referenced application for a Policy of Title Insurance, Stewart Title of California, Inc. hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referenced to as an Exception on Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions, and Stipulations of said Policy forms.

The printed exceptions and exclusions from the coverage of said policy or policies are set forth in the attached list. Copies of the policy forms should be read. They are available from the office which issued this report.

**Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.**

**It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.**

This report, (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance a binder or commitment should be requested.

Dated as of March 05, 2004 at 7:30 A.M.

LARRY MCGUIRE Title Officer  
(818) 502-2723 Fax: (818) 241-9173

**PRELIMINARY REPORT**

The form of Policy of Title Insurance contemplated by this report is:  
California Land Title Association Standard Coverage Policy

**SCHEDULE A**

The Estate or Interest in the land hereinafter described or referred to covered by this report is:

A FEE

Title to said estate or interest at the date hereof is vested in:

COUNTY OF LOS ANGELES, A BODY CORPORATE AND POLITIC AND  
POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA

## LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

THAT PORTION OF THE CITY LANDS OF LOS ANGELES, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 2 PAGES 504 AND 505 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT IN THE SOUTHWESTERLY LINE OF TRACT NO. 1588, AS SHOWN ON MAP RECORDED IN BOOK 20, PAGE 16 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER, SAID POINT BEING DISTANT 29.76 FEET SOUTHEASTERLY FROM THE MOST WESTERLY CORNER OF SAID TRACT NO. 1588; THENCE NORTH 37 DEGREES 47 MINUTES 50 SECONDS EAST ALONG THE NORTHWESTERLY LINE OF SPRING STREET, 100 FEET WIDE, A DISTANCE OF 1,205.76 FEET TO THE TRUE POINT OF BEGINNING, SAID NORTHWESTERLY LINE BEING DESCRIBED IN EXCEPTION OF PARCEL 5, IN DEED RECORDED IN BOOK 10825, PAGE 217 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER; THENCE NORTHERLY ALONG A TANGENT CURVE CONCAVE TO THE WEST AND HAVING A RADIUS OF 20 FEET, THROUGH A CENTRAL ANGLE OF 74 DEGREES 58 MINUTES 17 SECONDS. AN ARC DISTANCE OF 26.17 FEET; THENCE NORTHWESTERLY ALONG A REVERSE CURVE CONCAVE TO THE NORTHEAST AND HAVING A RADIUS OF 250 FEET, THROUGH A CENTRAL ANGLE OF 19 DEGREES 28 MINUTES 50 SECONDS, AN ARC DISTANCE OF 85.00 FEET TO A POINT IN THE SOUTHEASTERLY LINE OF JUSTICIA STREET (VACATED), FORMERLY BUENA VISTA STREET AND ETERNITY STREET, 60 FEET WIDE, AS SHOWN ON OFFICIAL MAP NO. 3, RECORDED IN BOOK 1, PAGES 465 AND 466 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER, THENCE NORTH 17 DEGREES 41 MINUTES 37 SECONDS WEST, TANGENT TO SAID CURVE TO THE SOUTHEASTERLY LINE OF NORTH BROADWAY DESCRIBED IN PARCEL 2 OF DEED RECORDED IN BOOK R-1482, PAGE 635 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER; THENCE NORTHEASTERLY ALONG SAID SOUTHEASTERLY LINE TO THE SOUTHWESTERLY LINE OF SUNSET BOULEVARD AS DESCRIBED IN BOOK 5001, PAGE 28 OF DEEDS, IN THE OFFICE OF THE COUNTY RECORDER; THENCE SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE TO THE NORTHEASTERLY PROLONGATION OF SAID COURSE DESCRIBED AS HAVING A BEARING AND LENGTH OF NORTH 37 DEGREES 47 MINUTES 50 SECONDS EAST 1,205.76 FEET; THENCE SOUTHWESTERLY ALONG SAID NORTHEASTERLY PROLONGATION TO THE TRUE POINT OF BEGINNING.

EXCEPT THAT PORTION OF THE EASTERLY HALF OF JUSTICIA STREET, (VACATED), IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA; DESCRIBED IN PARCEL 33 IN FINAL JUDGMENT, RECORDED AS DOCUMENT NO. 1104, ON MAY 4, 1931 IN BOOK 10825, PAGE 217 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY

Continued on next page

RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, WATER AND MINERAL RIGHTS NOW VESTED IN THE CITY OF LOS ANGELES, WITHOUT HOWEVER, THE RIGHT TO USE THE SURFACE OF SAID LAND OR ANY PORTION THEREOF TO A DEPTH OF 500 FEET BELOW THE SURFACE, FOR THE EXTRACTION OF SUCH OIL, GAS, WATER AND MINERALS, AS RESERVED IN THE DEED FROM THE CITY OF LOS ANGELES, RECORDED MARCH 26, 1997 AS INSTRUMENT NO. 97-460578, OF OFFICIAL RECORDS.

END OF LEGAL DESCRIPTION

## SCHEDULE B

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy or policies would be as follows:

1. PROPERTY TAXES, WHICH ARE A LIEN NOT YET DUE AND PAYABLE, INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, TO BE LEVIED FOR THE FISCAL YEAR 2004 - 2005 WHICH ARE A LIEN NOT YET PAYABLE.

1A. GENERAL AND SPECIAL CITY AND/OR COUNTY TAXES, BONDS OR ASSESSMENTS WHICH MAY BECOME DUE ON SAID LAND, IF AND WHEN TITLE TO SAID LAND IS NO LONGER VESTED IN A GOVERNMENTAL OR QUASI-GOVERNMENTAL AGENCY. TAX PARCEL(S) FOR SAID LAND ARE CURRENTLY SHOWN 5408-005-906.

2. THE LIEN OF SUPPLEMENTAL TAXES, IF ANY, ASSESSED PURSUANT TO THE PROVISIONS OF CHAPTER 3.5 (COMMENCING WITH SECTION 75) OF THE REVENUE AND TAXATION CODE OF THE STATE OF CALIFORNIA AND ASSESSMENTS, FOR COMMUNITY FACILITY DISTRICTS AFFECTING SAID LAND WHICH MAY EXIST BY VIRTUE OF ASSESSMENT MAPS OR NOTICES FILED BY SAID DISTRICTS.

3. AN EASEMENT FOR PUBLIC STREET AND HIGHWAY PURPOSES OVER THAT PORTION OF SAID LAND LYING WITHIN THE LINES OF JUSTICIA STREET FORMERLY ETERNITY STREET, 80 FEET WIDE, AS SHOWN ON THE OFFICIAL MAP NO. 3 OF LOS ANGELES CITY RECORDED NOVEMBER 17, 1868 IN BOOK 32, PAGES 11 AND 12 OF MISCELLANEOUS RECORDS, BY IMPLIED DEDICATION IN FAVOR OF THE CITY OF LOS ANGELES.

4. AN EASEMENT AFFECTING THE PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES, CONDEMNED BY FINAL DECREE:

IN FAVOR OF FOR CASE NO. RECORDED  AFFECTS	THE CITY OF LOS ANGELES PUBLIC STREET AND HIGHWAY 287,163 OCTOBER 16, 1930 AS INSTRUMENT NO. 1354, BOOK 10333, PAGE 249, OF OFFICIAL RECORDS ANY PORTION OF SAID LAND LYING WITHIN THE LINES OF SPRING STREET
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5. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT:

GRANTEE	SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT, A PUBLIC CORPORATION
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Continued on next page

PURPOSE	PERMANENT SUBSURFACE TUNNEL
RECORDED	MARCH 24, 1987
INSTRUMENT/FILE NO.	87-438362, OF OFFICIAL RECORDS

SAID MATTER AFFECTS A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT.

6. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT:

GRANTEE	SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT, A PUBLIC CORPORATION
PURPOSE	A RAPID TRANSIT TUNNEL AND FACILITIES
RECORDED	JULY 28, 1987
INSTRUMENT/FILE NO.	87-1197903, OF OFFICIAL RECORDS

SAID MATTER AFFECTS A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT.

+++++ REQUIREMENTS +++++

1. THIS COMPANY WILL REQUIRE THE FOLLOWING DOCUMENTS IN ORDER TO INSURE A CONVEYANCE OR ENCUMBRANCE BY THE CORPORATION OR UNINCORPORATED ASSOCIATION NAMED BELOW:

CORPORATION: COUNTY OF LOS ANGELES, A BODY CORPORATE AND POLITIC AND POLITICAL SUBDIVISION, OF THE STATE OF CALIFORNIA, A CALIFORNIA CORPORATION

- (A) A COPY OF THE CORPORATION BY-LAWS OR ARTICLES.
- (B) AN ORIGINAL OR CERTIFIED COPY OF THE RESOLUTION AUTHORIZING THE SUBJECT TRANSACTION.
- (C) IF THE ARTICLES OR BY-LAWS REQUIRE APPROVAL BY A "PARENT" ORGANIZATION, WE WILL ALSO REQUIRE A COPY OF THOSE BY-LAWS OR ARTICLES.
- (D) IF AN UNINCORPORATED ASSOCIATION, A STATEMENT PURSUANT TO APPLICABLE LAW (SUCH AS CALIFORNIA CORPORATION CODE SECTION 20002). THE RIGHT IS RESERVED TO ADD REQUIREMENTS OR ADDITIONAL ITEMS AFTER COMPLETION OF SUCH REVIEW.

2. IT IS THE POLICY OF STEWART TITLE OF CALIFORNIA - LOS ANGELES DIVISION TO COLLECT ALL TITLE CHARGES AND DEDUCT SAID CHARGES

Continued on next page

UPON RECORDING WHEN STEWART TITLE IS DOING THE PAYOFF.

END OF EXCEPTIONS

Continued on next page

**NOTES****LENDERS NOTE:**

IF AN ALTA LOAN POLICY - 1970, AMENDED 10-17-70 (AMENDED 12-6-85) IS REQUESTED, THE FOLLOWING WILL BE ADDED AS AN EXCLUSION FROM COVERAGE:

ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS THAT IS BASED ON:

(I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR TRANSFER; OR

(II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR

(III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:

(A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGEMENT OR LIEN CREDITOR.

Continued on next page

**CALIFORNIA "GOOD FUNDS" LAW**

California Insurance Code Section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available prior to disbursement. Funds received by Stewart Title of California, Inc. (Stewart Title) via wire transfer may be disbursed upon receipt. Funds received via cashier's checks or teller checks drawn on a California Bank may be disbursed on the next business day after the day of deposit. If funds are received by any other means, recording and/or disbursement may be delayed, and you should contact your title or escrow officer. All escrow and sub-escrow funds received will be deposited with other escrow funds in one or more non-interest bearing escrow accounts in a financial institution selected by Stewart Title. Stewart Title may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with the financial institution, and Stewart Title shall have no obligation to account to the depositing party in any manner for the value of, or pay to such party, any benefit received by Stewart Title. Such benefits shall be deemed additional compensation to Stewart Title for its services in connection with the escrow or sub-escrow.

**WIRING INSTRUCTIONS**

IF YOU ANTICIPATE HAVING FUNDS WIRED TO STEWART TITLE OF CALIFORNIA, INC. OUR WIRING INFORMATION IS AS FOLLOWS:

ADDITIONAL NOTE: DIRECT WIRE TRANSFERS TO:

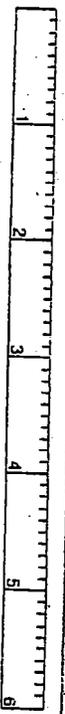
CITY NATIONAL BANK  
5601 E. SLAUSON AVE  
CITY OF COMMERCE, CALIFORNIA 90040

ROUTING NO. 122016066  
CREDIT TO STEWART TITLE OF CALIFORNIA, INC.  
ACCOUNT # 013 218811  
REF: (ORDER # 040189142, TITLE OFFICER NAME: LARRY MCGUIRE)

WHEN INSTRUCTING THE FINANCIAL INSTITUTION TO WIRE FUNDS, IT IS VERY IMPORTANT THAT YOU REFERENCE STEWART TITLE'S ORDER NUMBER.

SHOULD YOU HAVE ANY QUESTIONS IN THIS REGARD PLEASE CONTACT YOUR TITLE OFFICER IMMEDIATELY.

408 5



SCALE IN 1/10 OF AN INCH

SCALE 1"=100'

CESAR E. CHAVEZ

REVISED  
7/10/12  
75-0714  
BROOKST  
902288508508-41  
31071607008000-23  
31071607008000-25  
9401220040007001-83  
9704.30



DETAIL  
NO SCALE

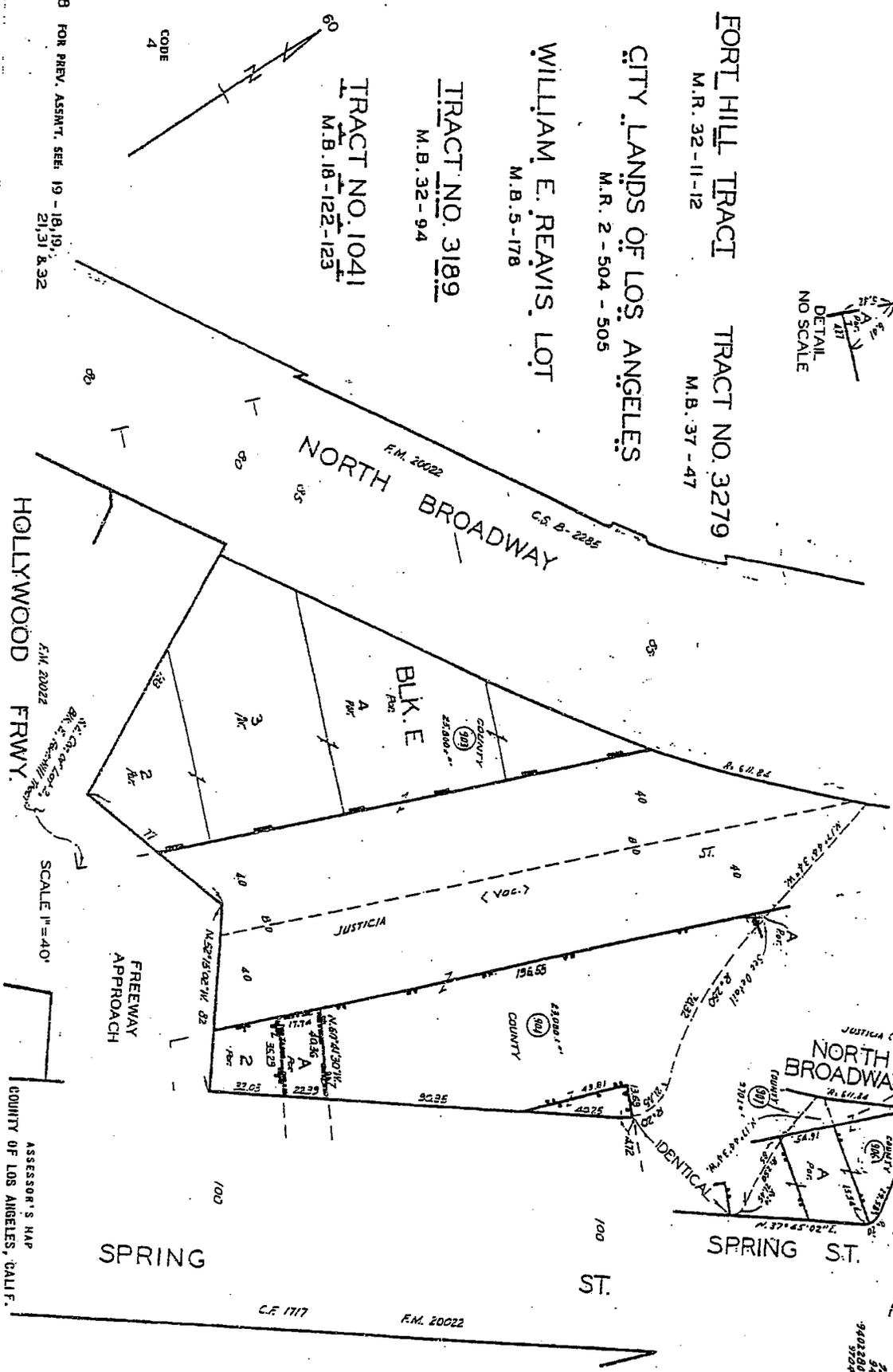
FORT HILL TRACT TRACT NO. 3279  
M.R. 32-11-12 M.B. 37-47

CITY LANDS OF LOS ANGELES  
M.R. 2-504-505

WILLIAM E. REAVIS, LOT  
M.B. 5-178

TRACT NO. 3189  
M.B. 32-94

TRACT NO. 1041  
M.B. 18-122-123



NO. 198 FOR PREV. ASSMT. SER. 19-18,19, 21,31 & 32

HOLLYWOOD FRWY. F.M. 20022

SCALE 1"=40'

ASSASSOR'S MAP  
COUNTY OF LOS ANGELES, CALIF.

MAY 08 1997

EXHIBIT A

CLTA PRELIMINARY REPORT FORM  
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

SCHEDULE B

1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990  
EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING OR ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:  
(A) WHETHER OR NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;  
(B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;  
(C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;  
(D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR  
(E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE OR FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OR INDEBTEDNESS, TO COMPLY WITH THE APPLICABLE DOING BUSINESS LAWS, OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY OR THE TRANSACTION CREATING THE INTEREST OF THE INSURED LENDER, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY OR SIMILAR CREDITORS' RIGHTS LAWS.

EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.  
PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR WHICH MAY BE ASSERTED BY PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

CLTA PRELIMINARY REPORT FORM

2. AMERICAN LAND TITLE ASSOCIATION  
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)  
EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENTAL REGULATION. THIS INCLUDES BUILDING AND ZONING ORDINANCES AND ALSO LAWS AND REGULATIONS CONCERNING:

- \* LAND USE
- \* LAND DIVISION
- \* IMPROVEMENTS ON THE LAND
- \* ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS WHICH APPEAR IN THE PUBLIC RECORDS AT POLICY DATE.

THIS EXCLUSION DOES NOT LIMIT THE ZONING COVERAGE DESCRIBED IN ITEMS 12 AND 13 OF COVERED TITLE RISKS.

2. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:

- \* A NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS ON THE POLICY DATE
- \* THE TAKING HAPPENED PRIOR TO THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING

3. TITLE RISKS:

- \* THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU
- \* THAT ARE KNOWN TO YOU, BUT NOT TO US, ON THE POLICY DATE - - UNLESS THEY APPEARED IN THE PUBLIC RECORDS
- \* THAT RESULT IN NO LOSS TO YOU
- \* THAT FIRST AFFECT YOUR TITLE AFTER THE POLICY DATE - - THIS DOES NOT LIMIT THE LABOR AND MATERIAL LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS

4. FAILURE TO PAY VALUE FOR YOUR TITLE.

5. LACK OF A RIGHT:

- \* TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN ITEM 3 OF SCHEDULE A OR
- \* IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH YOUR LAND

THIS EXCLUSION DOES NOT LIMIT THE ACCESS COVERAGE IN ITEM 5 OF COVERED TITLE RISKS.

EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. ANY RIGHTS, INTERESTS, OR CLAIMS OF PARTIES IN POSSESSION OF THE LAND NOT SHOWN BY THE PUBLIC RECORDS.
2. ANY EASEMENTS OR LIENS NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS.
3. ANY FACTS ABOUT THE LAND WHICH A CORRECT SURVEY WOULD DISCLOSE AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE FORCED REMOVAL COVERAGE IN ITEM 12 OF COVERED TITLE RISKS.
4. ANY WATER RIGHTS OR CLAIMS OR TITLE TO WATER IN OR UNDER THE LAND, WHETHER OR NOT SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

3. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE  
AND  
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE  
EXCLUSIONS AND COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEY'S FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (EXCEPT TO THE EXTENT THAT THIS POLICY INSURES THE PRIORITY OF THE LIEN OF THE INSURED MORTGAGE OVER ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIAL OR TO THE EXTENT INSURANCE IS AFFORDED HEREIN AS TO THE ASSESSMENTS FOR STREET IMPROVEMENTS UNDER CONSTRUCTION OR COMPLETED AT DATE OF POLICY); OR
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS (OR THE CLAIM OF PRIORITY OF ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS OVER THE LIEN OF THE INSURED MORTGAGE) ARISING FROM AN IMPROVEMENT OR WORK RELATED TO THE LAND WHICH IS CONTRACTED FOR AND COMMENCED SUBSEQUENT TO DATE OF POLICY AND IS NOT FINANCED IN WHOLE OR IN PART BY PROCEEDS OF THE INDEBTEDNESS SECURED BY THE INSURED MORTGAGE WHICH AT DATE OF POLICY THE INSURED HAS ADVANCED OR IS OBLIGATED TO ADVANCE.
7. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OR EQUITABLE SUBORDINATION; OR
  - (III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
    - (A) TO TIMELY RECORDED THE INSTRUMENT OF TRANSFER; OR
    - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

# CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.  
PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

### 4. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92) AND AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92) EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:  
(A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;  
(B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;  
(C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;  
(D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR  
(E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (I) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (II) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
    - (A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR
    - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

# CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS. PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

## 5. CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (6-2-98) ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-17-98) EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENT REGULATION. THIS INCLUDES ORDINANCES, LAWS AND REGULATIONS CONCERNING:
  - A. BUILDING
  - B. ZONING
  - C. LAND USE
  - D. IMPROVEMENTS ON LAND
  - E. LAND DIVISION
  - F. ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS IF NOTICE OF THE VIOLATION OR ENFORCEMENT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.

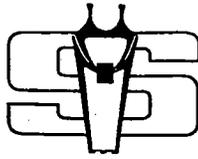
THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 14, 15, 16, 17, OR 24.

2. THE FAILURE OF YOUR EXISTING STRUCTURES, OR ANY PART OF THEM, TO BE CONSTRUCTED IN ACCORDANCE WITH APPLICABLE BUILDING CODES. THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OF BUILDING CODES IF NOTICE OF THE VIOLATION APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.
3. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:
  - A. NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE; OR
  - B. THE TAKING HAPPENED BEFORE THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING.
4. RISKS:
  - A. THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU, WHETHER OR NOT THEY APPEAR IN THE PUBLIC RECORDS;
  - B. THAT ARE KNOWN TO YOU AT THE POLICY DATE, BUT NOT TO US, UNLESS THEY APPEAR IN THE PUBLIC RECORDS AT THE POLICY DATE;
  - C. THAT RESULT IN NO LOSS TO YOU; OR
  - D. THAT FIRST OCCUR AFTER THE POLICY DATE - THIS DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 7, 8, D, 22, 23, 24 OR 25.
5. FAILURE TO PAY VALUE FOR YOUR TITLE.
6. LACK OF A RIGHT:
  - A. TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN PARAGRAPH 3 OF SCHEDULE A; AND
  - B. IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH THE LAND.THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 11 OR 18.

**6. "GOLD" COMPREHENSIVE PROTECTION  
LOAN POLICY OF TITLE INSURANCE  
EXCLUSIONS FROM COVERAGE**

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (THIS EXCLUSION FROM COVERAGE 3 (D) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 7, 8, 15, 16, 18, 21, 22, 24, 25, 26, 28, 29, 30, 32, 33, 34, 35, 38, 39, AND 40);
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON ANY CONSUMER CREDIT PROTECTION OR TRUTH-IN-LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (A) THE TRANSACTION CREATING THE ESTATE OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (B) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR
  - (C) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE;
    - (I) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR
    - (II) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.
7. TAXES, ASSESSMENTS, COSTS, CHARGES, DAMAGES AND OTHER OBLIGATIONS TO THE GOVERNMENT SECURED BY STATUTORY LIENS THAT BECOME A LIEN ON THE LAND SUBSEQUENT TO DATE OF POLICY, BUT THIS EXCLUSION 7 DOES NOT LIMIT THE COVERAGE OF INSURING PROVISION 34.



Sanctity of Contract

**STEWART TITLE OF CALIFORNIA, INC.,  
LOS ANGELES DIVISION**

525 N. BRAND BLVD.  
GLENDALE, CA 91203  
(818) 502-2700  
www.stewarttitlela.com

MEMBER CALIFORNIA LAND TITLE ASSOCIATION

**PRELIMINARY REPORT**

DMJM MANAGEMENT  
515 S. FLOWER 9TH FLOOR  
LOS ANGELES, CA 90071  
Attn: RICHARD ERICKSON

Order Number: 040189143

Your Reference:

In response to the above referenced application for a Policy of Title Insurance, Stewart Title of California, Inc. hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referenced to as an Exception on Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions, and Stipulations of said Policy forms.

The printed exceptions and exclusions from the coverage of said policy or policies are set forth in the attached list. Copies of the policy forms should be read. They are available from the office which issued this report.

**Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.**

**It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.**

This report, (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance a binder or commitment should be requested.

Dated as of March 05, 2004 at 7:30 A.M.

LARRY MCGUIRE Title Officer  
(818) 502-2723 Fax: (818) 241-9173

**PRELIMINARY REPORT**

The form of Policy of Title Insurance contemplated by this report is:  
California Land Title Association Standard Coverage Policy

**SCHEDULE A**

The Estate or Interest in the land hereinafter described or referred to covered by this report is:

A FEE

Title to said estate or interest at the date hereof is vested in:

COUNTY OF LOS ANGELES, A BODY CORPORATE AND POLITIC AND  
POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA

Continued on next page

## LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

THAT PORTION OF THE EASTERLY HALF OF JUSTICIA STREET, (VACATED), IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED IN PARCEL 33 IN FINAL JUDGEMENT, RECORDED AS DOCUMENT NO. 1104, ON MAY 4, 1931 IN BOOK 10825, PAGE 217 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY INCLUDED WITHIN A PARCEL OF LAND BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT IN THE SOUTHWESTERLY LINE OF TRACT NO. 1588, AS SHOWN ON MAP RECORDED IN BOOK 20, PAGE 16 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER, SAID POINT BEING DISTANT 29.76 FEET SOUTHEASTERLY FROM THE MOST WESTERLY CORNER OF SAID TRACT NO. 1588; THENCE NORTH  $37^{\circ} 47' 50''$  EAST ALONG THE NORTHWESTERLY LINE OF SPRING STREET, 100 FEET WIDE, A DISTANCE OF 1,205.76 FEET TO THE TRUE POINT OF BEGINNING, SAID NORTHWESTERLY LINE BEING DESCRIBED IN EXCEPTION OF PARCEL 5, IN DEED RECORDED IN BOOK 10825, PAGE 217 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER; THENCE NORTHERLY ALONG A TANGENT CURVE CONCAVE TO THE WEST AND HAVING A RADIUS OF 20 FEET, THROUGH A CENTRAL ANGLE OF  $74^{\circ} 58' 17''$ . AN ARC DISTANCE OF 26.17 FEET; THENCE NORTHWESTERLY ALONG A REVERSE CURVE CONCAVE TO THE NORTHEAST AND HAVING A RADIUS OF 250 FEET, THROUGH A CENTRAL ANGLE OF  $19^{\circ} 28' 50''$ , AN ARC DISTANCE OF 85.00 FEET TO A POINT IN THE SOUTHEASTERLY LINE OF SAID JUSTICIA STREET (VACATED), FORMERLY BUENA VISTA STREET AND ETERNITY STREET, 60 FEET WIDE, AS SHOWN ON OFFICIAL MAP NO. 3, RECORDED IN BOOK 1, PAGES 465 AND 466 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER, THENCE NORTH  $17^{\circ} 41' 37''$  WEST, TANGENT TO SAID CURVE TO THE SOUTHEASTERLY LINE OF NORTH BROADWAY DESCRIBED IN PARCEL 2 OF DEED RECORDED IN BOOK R-1482, PAGE 635 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER; THENCE NORTHEASTERLY ALONG SAID SOUTHEASTERLY LINE TO THE SOUTHWESTERLY LINE OF SUNSET BOULEVARD AS DESCRIBED IN BOOK 5001, PAGE 28 OF DEEDS, IN THE OFFICE OF THE COUNTY RECORDER; THENCE SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE TO THE NORTHEASTERLY PROLONGATION OF SAID COURSE DESCRIBED AS HAVING A BEARING AND LENGTH OF NORTH  $37^{\circ} 47' 50''$  EAST 1,205.76 FEET; THENCE SOUTHWESTERLY ALONG SAID NORTHEASTERLY PROLONGATION TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM ALL OIL, GAS, WATER AND MINERAL RIGHTS NOW VESTED IN THE CITY OF LOS ANGELES, WITHOUT HOWEVER, THE RIGHT TO USE THE SURFACE OF SAID LAND OR ANY PORTION THEREOF TO A DEPTH OF 500 FEET BELOW THE SURFACE, FOR THE EXTRACTION OF SUCH

Continued on next page

OIL, GAS, WATER AND MINERALS, AS RESERVED IN THE DEED FROM THE  
CITY OF LOS ANGELES, RECORDED MARCH 26, 1997 AS INSTRUMENT NO.  
97-460578, OF OFFICIAL RECORDS.

END OF LEGAL DESCRIPTION

Continued on next page

## SCHEDULE B

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy or policies would be as follows:

1. PROPERTY TAXES, WHICH ARE A LIEN NOT YET DUE AND PAYABLE, INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, TO BE LEVIED FOR THE FISCAL YEAR 2004 - 2005 WHICH ARE A LIEN NOT YET PAYABLE.

1A. GENERAL AND SPECIAL CITY AND/OR COUNTY TAXES, BONDS OR ASSESSMENTS WHICH MAY BECOME DUE ON SAID LAND, IF AND WHEN TITLE TO SAID LAND IS NO LONGER VESTED IN A GOVERNMENTAL OR QUASI-GOVERNMENTAL AGENCY. TAX PARCEL(S) FOR SAID LAND ARE CURRENTLY SHOWN AS 5408-005-907.

2. THE LIEN OF SUPPLEMENTAL TAXES, IF ANY, ASSESSED PURSUANT TO THE PROVISIONS OF CHAPTER 3.5 (COMMENCING WITH SECTION 75) OF THE REVENUE AND TAXATION CODE OF THE STATE OF CALIFORNIA AND ASSESSMENTS, FOR COMMUNITY FACILITY DISTRICTS AFFECTING SAID LAND WHICH MAY EXIST BY VIRTUE OF ASSESSMENT MAPS OR NOTICES FILED BY SAID DISTRICTS.

3. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT:

GRANTEE	SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT, A PUBLIC CORPORATION
PURPOSE	PERMANENT SUBSURFACE TUNNEL
RECORDED	MARCH 17, 1987
INSTRUMENT/FILE NO.	87-395054, OF OFFICIAL RECORDS

SAID MATTER AFFECTS A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT.

AND RECORDED MARCH 24, 1987, AS INSTRUMENT NO. 87-438362, OF OFFICIAL RECORDS.

4. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT:

GRANTEE	SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT, A PUBLIC CORPORATION
PURPOSE	A RAPID TRANSIT TUNNEL AND FACILITIES
RECORDED	JULY 28, 1987
INSTRUMENT/FILE NO.	87-1197903, OF OFFICIAL RECORDS

Continued on next page

SAID MATTER AFFECTS A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT.

+++++ REQUIREMENTS +++++

1. THIS COMPANY WILL REQUIRE THE FOLLOWING DOCUMENTS IN ORDER TO INSURE A CONVEYANCE OR ENCUMBRANCE BY THE CORPORATION OR UNINCORPORATED ASSOCIATION NAMED BELOW:

CORPORATION: COUNTY OF LOS ANGELES, A BODY CORPORATE AND POLITIC AND POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA

- (A) A COPY OF THE CORPORATION BY-LAWS OR ARTICLES.
- (B) AN ORIGINAL OR CERTIFIED COPY OF THE RESOLUTION AUTHORIZING THE SUBJECT TRANSACTION.
- (C) IF THE ARTICLES OR BY-LAWS REQUIRE APPROVAL BY A "PARENT" ORGANIZATION, WE WILL ALSO REQUIRE A COPY OF THOSE BY-LAWS OR ARTICLES.
- (D) IF AN UNINCORPORATED ASSOCIATION, A STATEMENT PURSUANT TO APPLICABLE LAW (SUCH AS CALIFORNIA CORPORATION CODE SECTION 20002). THE RIGHT IS RESERVED TO ADD REQUIREMENTS OR ADDITIONAL ITEMS AFTER COMPLETION OF SUCH REVIEW.

2. IT IS THE POLICY OF STEWART TITLE OF CALIFORNIA - LOS ANGELES DIVISION TO COLLECT ALL TITLE CHARGES AND DEDUCT SAID CHARGES UPON RECORDING WHEN STEWART TITLE IS DOING THE PAYOFF.

END OF EXCEPTIONS

Continued on next page

**NOTES****LENDERS NOTE:**

IF AN ALTA LOAN POLICY - 1970, AMENDED 10-17-70 (AMENDED 12-6-85) IS REQUESTED, THE FOLLOWING WILL BE ADDED AS AN EXCLUSION FROM COVERAGE:

ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS THAT IS BASED ON:

(I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR TRANSFER; OR

(II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR

(III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:

(A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGEMENT OR LIEN CREDITOR.

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**CALIFORNIA "GOOD FUNDS" LAW**

California Insurance Code Section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available prior to disbursement. Funds received by Stewart Title of California, Inc. (Stewart Title) via wire transfer may be disbursed upon receipt. Funds received via cashier's checks or teller checks drawn on a California Bank may be disbursed on the next business day after the day of deposit. If funds are received by any other means, recording and/or disbursement may be delayed, and you should contact your title or escrow officer. All escrow and sub-escrow funds received will be deposited with other escrow funds in one or more non-interest bearing escrow accounts in a financial institution selected by Stewart Title. Stewart Title may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with the financial institution, and Stewart Title shall have no obligation to account to the depositing party in any manner for the value of, or pay to such party, any benefit received by Stewart Title. Such benefits shall be deemed additional compensation to Stewart Title for its services in connection with the escrow or sub-escrow.

**WIRING INSTRUCTIONS**

IF YOU ANTICIPATE HAVING FUNDS WIRED TO STEWART TITLE OF CALIFORNIA, INC. OUR WIRING INFORMATION IS AS FOLLOWS:

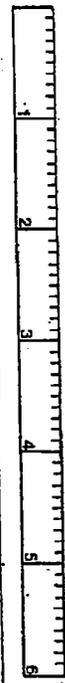
ADDITIONAL NOTE: DIRECT WIRE TRANSFERS TO:

CITY NATIONAL BANK  
5601 E. SLAUSON AVE  
CITY OF COMMERCE, CALIFORNIA 90040

ROUTING NO. 122016066  
CREDIT TO STEWART TITLE OF CALIFORNIA, INC.  
ACCOUNT # 013 218811  
REF: (ORDER # 040189143, TITLE OFFICER NAME: LARRY MCGUIRE)

WHEN INSTRUCTING THE FINANCIAL INSTITUTION TO WIRE FUNDS, IT IS VERY IMPORTANT THAT YOU REFERENCE STEWART TITLE'S ORDER NUMBER.

SHOULD YOU HAVE ANY QUESTIONS IN THIS REGARD PLEASE CONTACT YOUR TITLE OFFICER IMMEDIATELY.



SCALE IN 1/10 OF AN INCH



DETAIL  
NO SCALE

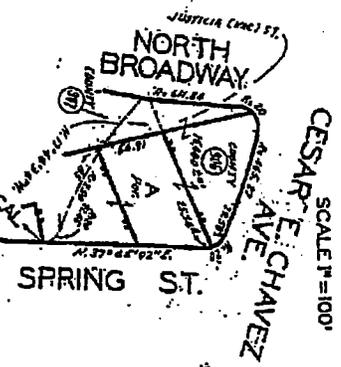
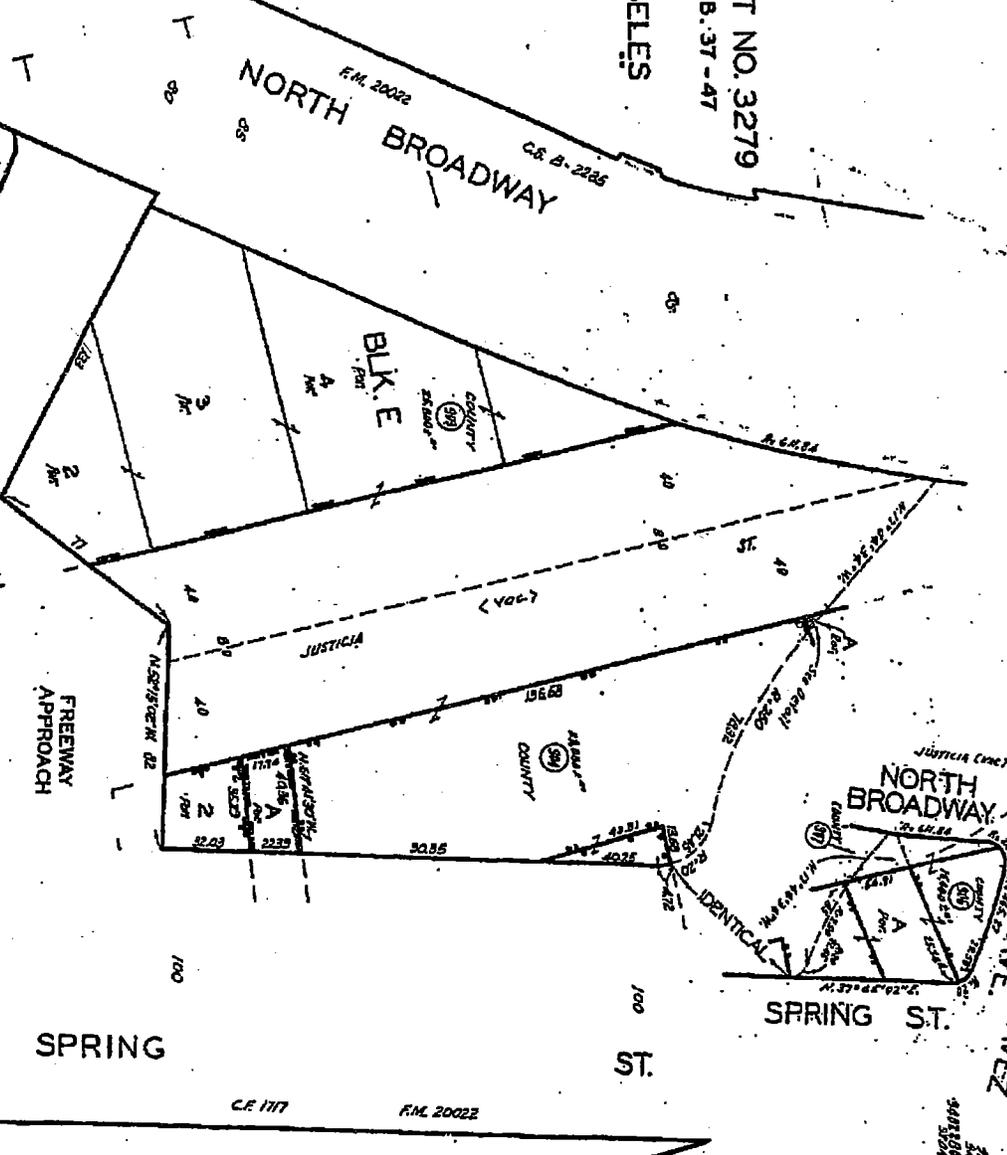
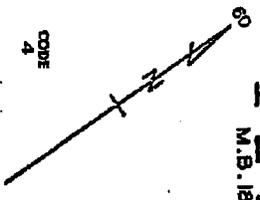
FORT HILL TRACT  
M.R. 32-11-12  
TRACT NO. 3279  
M.B. 37-47

CITY LANDS OF LOS ANGELES  
M.R. 2-504-505

WILLIAM E. REAVIS, LOT  
M.B. 5-178

TRACT NO. 3189  
M.B. 32-94

TRACT NO. 1041  
M.B. 18-122-123



CE SAR E. CHAVEZ  
SCALE 1" = 100'

REVISED  
7/19/82  
7/24/74  
RECORDED IN 57  
910710107000005-13  
910710107000004-25  
940710101000001-23  
910710101000000-30

THIS MAP SHOULD BE USED FOR REFERENCE PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. RANGERS MAY NOT COMPLY WITH LOCAL SUBDIVISION AND BUILDING ORDINANCES.

ASSESSOR'S MAP  
COUNTY OF LOS ANGELES, CALIF.

MAY 0 8 1997

## EXHIBIT A

CLTA PRELIMINARY REPORT FORM  
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

## SCHEDULE B

1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990  
EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING OR ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) WHETHER OR NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE OR FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OR INDEBTEDNESS, TO COMPLY WITH THE APPLICABLE DOING BUSINESS LAWS, OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY OR THE TRANSACTION CREATING THE INTEREST OF THE INSURED LENDER, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY OR SIMILAR CREDITORS' RIGHTS LAWS.

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.  
PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR WHICH MAY BE ASSERTED BY PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

CLTA PRELIMINARY REPORT FORM

2. AMERICAN LAND TITLE ASSOCIATION  
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)  
EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENTAL REGULATION. THIS INCLUDES BUILDING AND ZONING ORDINANCES AND ALSO LAWS AND REGULATIONS CONCERNING:

- \* LAND USE
- \* LAND DIVISION
- \* IMPROVEMENTS ON THE LAND
- \* ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS WHICH APPEAR IN THE PUBLIC RECORDS AT POLICY DATE.

THIS EXCLUSION DOES NOT LIMIT THE ZONING COVERAGE DESCRIBED IN ITEMS 12 AND 13 OF COVERED TITLE RISKS.

2. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:

- \* A NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS ON THE POLICY DATE
- \* THE TAKING HAPPENED PRIOR TO THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING

3. TITLE RISKS:

- \* THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU
- \* THAT ARE KNOWN TO YOU, BUT NOT TO US, ON THE POLICY DATE - - UNLESS THEY APPEARED IN THE PUBLIC RECORDS
- \* THAT RESULT IN NO LOSS TO YOU
- \* THAT FIRST AFFECT YOUR TITLE AFTER THE POLICY DATE - - THIS DOES NOT LIMIT THE LABOR AND MATERIAL LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS

4. FAILURE TO PAY VALUE FOR YOUR TITLE.

5. LACK OF A RIGHT:

- \* TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN ITEM 3 OF SCHEDULE A OR
- \* IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH YOUR LAND

THIS EXCLUSION DOES NOT LIMIT THE ACCESS COVERAGE IN ITEM 5 OF COVERED TITLE RISKS.

EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. ANY RIGHTS, INTERESTS, OR CLAIMS OF PARTIES IN POSSESSION OF THE LAND NOT SHOWN BY THE PUBLIC RECORDS.
2. ANY EASEMENTS OR LIENS NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS.
3. ANY FACTS ABOUT THE LAND WHICH A CORRECT SURVEY WOULD DISCLOSE AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE FORCED REMOVAL COVERAGE IN ITEM 12 OF COVERED TITLE RISKS.
4. ANY WATER RIGHTS OR CLAIMS OR TITLE TO WATER IN OR UNDER THE LAND, WHETHER OR NOT SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

CLTA PRELIMINARY REPORT FORM

3. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE  
AND  
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE  
EXCLUSIONS AND COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEY'S FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (EXCEPT TO THE EXTENT THAT THIS POLICY INSURES THE PRIORITY OF THE LIEN OF THE INSURED MORTGAGE OVER ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIAL OR TO THE EXTENT INSURANCE IS AFFORDED HEREIN AS TO THE ASSESSMENTS FOR STREET IMPROVEMENTS UNDER CONSTRUCTION OR COMPLETED AT DATE OF POLICY); OR
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS (OR THE CLAIM OF PRIORITY OF ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS OVER THE LIEN OF THE INSURED MORTGAGE) ARISING FROM AN IMPROVEMENT OR WORK RELATED TO THE LAND WHICH IS CONTRACTED FOR AND COMMENCED SUBSEQUENT TO DATE OF POLICY AND IS NOT FINANCED IN WHOLE OR IN PART BY PROCEEDS OF THE INDEBTEDNESS SECURED BY THE INSURED MORTGAGE WHICH AT DATE OF POLICY THE INSURED HAS ADVANCED OR IS OBLIGATED TO ADVANCE.
7. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OR EQUITABLE SUBORDINATION; OR
  - (III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
    - (A) TO TIMELY RECORDED THE INSTRUMENT OF TRANSFER; OR
    - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

# CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.  
PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

### 4. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)

AND

### AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)

#### EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:  
(A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;  
(B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;  
(C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;  
(D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR  
(E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (I) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (II) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
    - (A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR
    - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

# CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.  
PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

## 5. CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (6-2-98) ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-17-98) EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENT REGULATION. THIS INCLUDES ORDINANCES, LAWS AND REGULATIONS CONCERNING:
  - A. BUILDING
  - B. ZONING
  - C. LAND USE
  - D. IMPROVEMENTS ON LAND
  - E. LAND DIVISION
  - F. ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS IF NOTICE OF THE VIOLATION OR ENFORCEMENT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.

THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 14, 15, 16, 17, OR 24.

2. THE FAILURE OF YOUR EXISTING STRUCTURES, OR ANY PART OF THEM, TO BE CONSTRUCTED IN ACCORDANCE WITH APPLICABLE BUILDING CODES. THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OF BUILDING CODES IF NOTICE OF THE VIOLATION APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.
3. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:
  - A. NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE; OR
  - B. THE TAKING HAPPENED BEFORE THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING.
4. RISKS:
  - A. THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU, WHETHER OR NOT THEY APPEAR IN THE PUBLIC RECORDS;
  - B. THAT ARE KNOWN TO YOU AT THE POLICY DATE, BUT NOT TO US, UNLESS THEY APPEAR IN THE PUBLIC RECORDS AT THE POLICY DATE;
  - C. THAT RESULT IN NO LOSS TO YOU; OR
  - D. THAT FIRST OCCUR AFTER THE POLICY DATE - THIS DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 7, 8.D, 22, 23, 24 OR 25.
5. FAILURE TO PAY VALUE FOR YOUR TITLE.
6. LACK OF A RIGHT:
  - A. TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN PARAGRAPH 3 OF SCHEDULE A;  
AND
  - B. IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH THE LAND.THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 11 OR 18.

**6. "GOLD" COMPREHENSIVE PROTECTION  
LOAN POLICY OF TITLE INSURANCE  
EXCLUSIONS FROM COVERAGE**

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:  
(A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;  
(B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;  
(C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;  
(D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (THIS EXCLUSION FROM COVERAGE 3 (D) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 7, 8, 15, 16, 18, 21, 22, 24, 25, 26, 28, 29, 30, 32, 33, 34, 35, 38, 39, AND 40);  
(E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON ANY CONSUMER CREDIT PROTECTION OR TRUTH-IN-LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:  
(A) THE TRANSACTION CREATING THE ESTATE OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR  
(B) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR  
(C) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:  
(I) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR  
(II) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.
7. TAXES, ASSESSMENTS, COSTS; CHARGES, DAMAGES AND OTHER OBLIGATIONS TO THE GOVERNMENT SECURED BY STATUTORY LIENS THAT BECOME A LIEN ON THE LAND SUBSEQUENT TO DATE OF POLICY, BUT THIS EXCLUSION 7 DOES NOT LIMIT THE COVERAGE OF INSURING PROVISION 34.



**Stewart Title Guaranty Company, Stewart Title Insurance Company, Stewart Title of California, Inc.**

**Privacy Policy Notice**

**PURPOSE OF THIS NOTICE**

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of Stewart Title Guaranty Company, Stewart Title Insurance Company, Stewart Title of California, Inc.

We may collect nonpublic personal information about you from the following sources:

- \* Information we receive from you, such as on applications or other forms.
- \* Information about your transactions we secure from our files, or from our affiliates or others.
- \* Information we receive from a consumer reporting agency.
- \* Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties permitted by law.

We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- \* Financial service providers such as companies engaged in banking, consumer finance, securities and insurance.
- \* Non-financial companies such as envelope stuffers and fulfillment service providers.

**WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.**

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

TAX HOLD AND INDEMNIFICATION LETTER

Title Order No.: 040189143

Escrow No.:

The undersigned is/are the owner(s) of the property referenced in the Title and Escrow numbers above.

I/we are instructing Stewart Title of California, Inc. not to pay the property taxes at this time and to hold the amount of the property taxes and any additional fees deemed necessary by Stewart Title of California, Inc.

We are asking that the funds be held because I/we believe the taxes were previously paid or being disputed. In the event of a dispute as to the payment of the taxes with the respective taxing authority, the undersigned will remain responsible for all negotiations.

Stewart Title of California, Inc. reserves the right to pay the taxes at any time at their sole discretion and/or to protect themselves or their insured.

The undersigned agrees to reimburse Stewart Title of California, Inc. for any damages that may result from the holding of these funds (i.e. penalties, interest or additional costs). Unless otherwise advised and provided Stewart is given the necessary documentation, the funds will be held in a non-interest bearing account.

All correspondence, with regard to this matter, should be directed to Stewart Title of California, Inc. 525 N. Brand Blvd., Glendale, CA 91203, Attn.: Tax Department.

Dated: \_\_\_\_\_

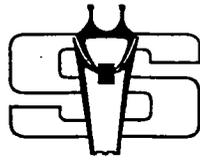
\_\_\_\_\_  
OWNER

\_\_\_\_\_  
OWNER

By the Escrow holder as agent for the owner:

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
A copy of the original indemnity including the signature on this copy shall be deemed an original in all respects



Sanctity of Contract

**STEWART TITLE OF CALIFORNIA, INC.,  
LOS ANGELES DIVISION**

525 N. BRAND BLVD.  
GLENDALE, CA 91203  
(818) 502-2700  
www.stewarttitlela.com

MEMBER CALIFORNIA LAND TITLE ASSOCIATION

**PRELIMINARY REPORT**

DMJM MANAGEMENT  
515 S. FLOWER, 9TH FLOOR  
LOS ANGELES, CA 90071  
Attn: RICHARD ERICKSON

Order Number: 040189134

Your Reference: EL PUEBLO

In response to the above referenced application for a Policy of Title Insurance, Stewart Title of California, Inc. hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referenced to as an Exception on Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions, and Stipulations of said Policy forms.

The printed exceptions and exclusions from the coverage of said policy or policies are set forth in the attached list. Copies of the policy forms should be read. They are available from the office which issued this report.

**Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.**

**It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.**

This report, (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance a binder or commitment should be requested.

Dated as of August 25, 2003 at 7:30 A.M.

LARRY MCGUIRE Title Officer  
(818) 502-2723 Fax: (818) 241-9173

**PRELIMINARY REPORT**

The form of Policy of Title Insurance contemplated by this report is:

**SCHEDULE A**

The Estate or Interest in the land hereinafter described or referred to covered by this report is:

A FEE

Title to said estate or interest at the date hereof is vested in:

COUNTY OF LOS ANGELES

Continued on next page

**LEGAL DESCRIPTION**

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

## PARCEL 1:

LOT THREE (3) IN THE SUBDIVISION OF LOT 1, BLOCK "F" OF THE FORT HILL TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 54 PAGE 9, OF MISCELLANEOUS RECORDS OF SAID COUNTY;

## PARCEL 2:

LOTS TWO (2) AND THREE (3), OF BLOCK "F", OFFICIAL MAP NO. 3, KNOWN AS THE FORT HILL TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 32 PAGES 11 AND 12 OF MISCELLANEOUS RECORDS, RECORD OF SAID COUNTY.

## PARCEL 3:

LOTS 4, 5, 6, AND 7, OF LANDS OF MARY H. BANNING IN BLOCK "F" OF THE FORT HILL TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 8, PAGE 192 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION THEREOF, LYING WITHIN THE BOUNDARIES OF LOT 3 IN BLOCK "F", OF THE FORT HILL TRACT, AS PER MAP FILED IN BOOK 1, PAGE 465 OF MISCELLANEOUS RECORDS, RECORDS OF SAID COUNTY.

## PARCEL 4:

LOTS 19 AND 20, OF HILL STREET BANK TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 10 PAGE 141 OF MAPS, RECORDS OF LOS ANGELES COUNTY;

## PARCEL 5:

THAT PORTION OF THE NORTHWESTERLY ONE-HALF OF "NORTH BROADWAY" AS VACATED BY THAT CERTAIN "RESOLUTION TO VACATE NO. 88-81505 OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES, A CERTIFIED COPY OF SAID RESOLUTION BEING RECORDED MAY 9, 1989 AS INSTRUMENT NO. 89-741091 OF OFFICIAL RECORDS, THAT WOULD PASS WITH THE LEGAL CONVEYANCE OF THE HEREINBEFORE MENTIONED LAND.

Continued on next page

## PARCEL 6:

THAT PORTION OF HILL STREET AND FORT MOORE PLACE, VACATED BY ORDINANCE NO. 102, 770 ADOPTED BY THE CITY OF LOS ANGELES ON FEBRUARY 1, 1954, A COPY OF SAID ORDINANCE RECORDED ON FEBRUARY 9, 1954 AS INSTRUMENT NO. 2609, IN BOOK 43790-PAGE 107 OF OFFICIAL RECORDS, RECORDS OF LOS ANGELES COUNTY.

END OF LEGAL DESCRIPTION

Continued on next page

## SCHEDULE B

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy or policies would be as follows:

1. PROPERTY TAXES, WHICH ARE A LIEN NOT YET DUE AND PAYABLE, INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, TO BE LEVIED FOR THE FISCAL YEAR 2004 - 2005 WHICH ARE A LIEN NOT YET PAYABLE.

1A. GENERAL AND SPECIAL CITY AND/OR COUNTY TAXES, BONDS OR ASSESSMENTS WHICH MAY BECOME DUE ON SAID LAND, IF AND WHEN TITLE TO SAID LAND IS NO LONGER VESTED IN A GOVERNMENTAL OR QUASI-GOVERNMENTAL AGENCY. TAX PARCEL(S) FOR SAID LAND ARE CURRENTLY SHOWN AS APN NO. 5408-004-909

1B. PROPERTY TAXES FOR THE FISCAL YEAR SHOWN BELOW ARE PAID. FOR PRORATION PURPOSES THE AMOUNTS ARE: FISCAL YEAR 2004 - 2005

1ST INSTALLMENT	\$29,377.18 PAID
2ND INSTALLMENT	\$29,377.16 PAID
EXEMPTION	NONE
CODE AREA	00004
ASSESSMENT NO.	8940-365-047

SAID MATTER AFFECTS: A POSSESSORY INTEREST

2. THE LIEN OF SUPPLEMENTAL TAXES, IF ANY, ASSESSED PURSUANT TO THE PROVISIONS OF CHAPTER 3.5 (COMMENCING WITH SECTION 75) OF THE REVENUE AND TAXATION CODE OF THE STATE OF CALIFORNIA AND ASSESSMENTS, FOR COMMUNITY FACILITY DISTRICTS AFFECTING SAID LAND WHICH MAY EXIST BY VIRTUE OF ASSESSMENT MAPS OR NOTICES FILED BY SAID DISTRICTS.

3. AN EASEMENT AFFECTING THE PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES, CONDEMNED BY FINAL DECREE:

IN FAVOR OF	CITY OF LOS ANGELES
FOR	PUBLIC STREETS AND HIGHWAYS
CASE NO.	550634
RECORDED	JANUARY 31, 1949, IN BOOK 29285 PAGE 269, OF OFFICIAL RECORDS

SAID MATTER AFFECTS: LOT 3 IN THE SUBDIVISION OF LOT 1, BLOCK F, COMMONLY KNOWN AS FORT HILL TRACT

4. AN EASEMENT AFFECTING THE PORTION OF SAID LAND AND FOR THE  
Continued on next page

PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES, CONDEMNED BY FINAL DECREE:

IN FAVOR OF	CITY OF LOS ANGELES
FOR	PUBLIC STREETS AND HIGHWAYS
CASE NO.	550634
RECORDED	AUGUST 5, 1949 IN BOOK 30712 PAGE 220, OF OFFICIAL RECORDS

SAID MATTER AFFECTS: LOT 19, HILL STREET BANK TRACT AND LOT 20 OF THE HILL STREET BANK TRACT

5. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT:

GRANTEE	CITY OF LOS ANGELES, A MUNICIPAL COURT
PURPOSE	PUBLIC STREET
RECORDED	SEPTEMBER 29, 1953 IN BOOK 42807 PAGE 244,
INSTRUMENT/FILE NO.	3471, OF OFFICIAL RECORDS

SAID MATTER AFFECTS A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT.

6. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT:

GRANTEE	SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT, A PUBLIC CORPORATION
PURPOSE	PERMANENT SUBSURFACE TUNNEL
RECORDED	MARCH 17, 1987
INSTRUMENT/FILE NO.	87-395054, OF OFFICIAL RECORDS

SAID MATTER AFFECTS A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT.

AND RECORDED MARCH 24, 1987, AS INSTRUMENT NO. 438362, OF OFFICIAL RECORDS.

+++++ REQUIREMENTS +++++

1. THIS COMPANY WILL REQUIRE THE FOLLOWING DOCUMENTS IN ORDER TO INSURE A CONVEYANCE OR ENCUMBRANCE BY THE CORPORATION OR UNINCORPORATED ASSOCIATION NAMED BELOW:

CORPORATION: COUNTY OF LOS ANGELES, A CALIFORNIA CORPORATION

Continued on next page

- (A) A COPY OF THE CORPORATION BY-LAWS OR ARTICLES.
- (B) AN ORIGINAL OR CERTIFIED COPY OF THE RESOLUTION AUTHORIZING THE SUBJECT TRANSACTION.
- (C) IF THE ARTICLES OR BY-LAWS REQUIRE APPROVAL BY A "PARENT" ORGANIZATION, WE WILL ALSO REQUIRE A COPY OF THOSE BY-LAWS OR ARTICLES.
- (D) IF AN UNINCORPORATED ASSOCIATION, A STATEMENT PURSUANT TO APPLICABLE LAW (SUCH AS CALIFORNIA CORPORATION CODE SECTION 20002). THE RIGHT IS RESERVED TO ADD REQUIREMENTS OR ADDITIONAL ITEMS AFTER COMPLETION OF SUCH REVIEW.

2. IT IS THE POLICY OF STEWART TITLE OF CALIFORNIA - LOS ANGELES DIVISION TO COLLECT ALL TITLE CHARGES AND DEDUCT SAID CHARGES UPON RECORDING WHEN STEWART TITLE IS DOING THE PAYOFF.

END OF EXCEPTIONS

Continued on next page

**NOTES****LENDERS NOTE:**

IF AN ALTA LOAN POLICY - 1970, AMENDED 10-17-70 (AMENDED 12-6-85) IS REQUESTED, THE FOLLOWING WILL BE ADDED AS AN EXCLUSION FROM COVERAGE:

ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS THAT IS BASED ON:

(I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR TRANSFER; OR

(II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR

(III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:

(A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGEMENT OR LIEN CREDITOR.

Continued on next page

**CALIFORNIA "GOOD FUNDS" LAW**

California Insurance Code Section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available prior to disbursement. Funds received by Stewart Title of California, Inc. (Stewart Title) via wire transfer may be disbursed upon receipt. Funds received via cashier's checks or teller checks drawn on a California Bank may be disbursed on the next business day after the day of deposit. If funds are received by any other means, recording and/or disbursement may be delayed, and you should contact your title or escrow officer. All escrow and sub-escrow funds received will be deposited with other escrow funds in one or more non-interest bearing escrow accounts in a financial institution selected by Stewart Title. Stewart Title may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with the financial institution, and Stewart Title shall have no obligation to account to the depositing party in any manner for the value of, or pay to such party, any benefit received by Stewart Title. Such benefits shall be deemed additional compensation to Stewart Title for its services in connection with the escrow or sub-escrow.

**WIRING INSTRUCTIONS**

IF YOU ANTICIPATE HAVING FUNDS WIRED TO STEWART TITLE OF CALIFORNIA, INC. OUR WIRING INFORMATION IS AS FOLLOWS:

ADDITIONAL NOTE: DIRECT WIRE TRANSFERS TO:

CITY NATIONAL BANK  
5601 E. SLAUSON AVE  
CITY OF COMMERCE, CALIFORNIA 90040

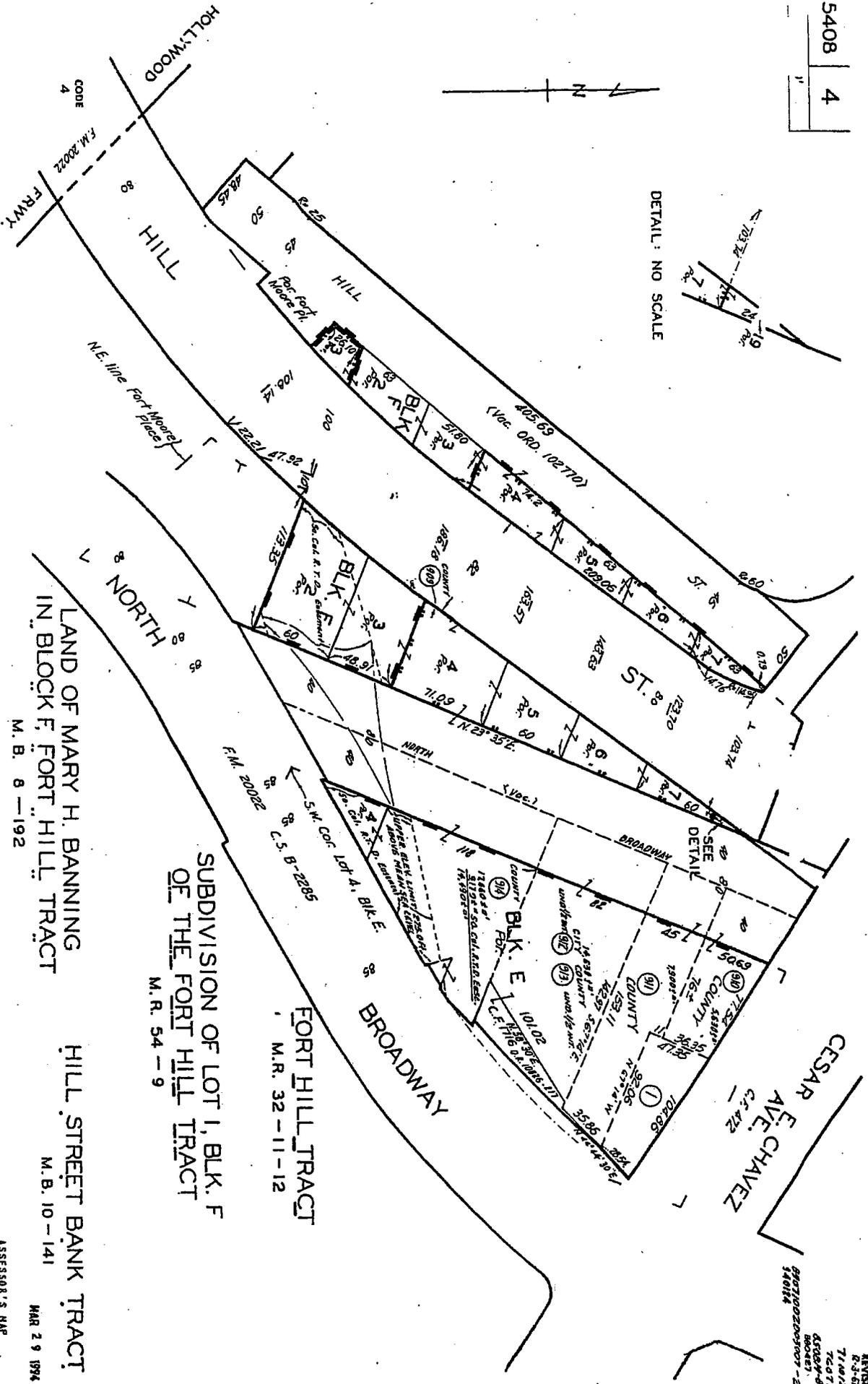
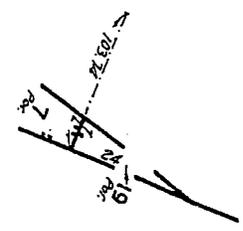
ROUTING NO. 122016066  
CREDIT TO STEWART TITLE OF CALIFORNIA, INC.  
ACCOUNT # 013 218811  
REF: (ORDER # 040189134, TITLE OFFICER NAME: LARRY MCGUIRE)

WHEN INSTRUCTING THE FINANCIAL INSTITUTION TO WIRE FUNDS, IT IS VERY IMPORTANT THAT YOU REFERENCE STEWART TITLE'S ORDER NUMBER.

SHOULD YOU HAVE ANY QUESTIONS IN THIS REGARD PLEASE CONTACT YOUR TITLE OFFICER IMMEDIATELY.

5408  
4

DETAIL: NO SCALE



0, 198 FOR PREV. ASSAULT. SEE: 19-31 TO 34 & 38

LAND OF MARY H. BANNING  
IN BLOCK F, FORT HILL TRACT

M. B. 8-192

HILL STREET BANK TRACT

M. B. 10-141

SUBDIVISION OF LOT 1, BLK. F  
OF THE FORT HILL TRACT

M. R. 54-9

FORT HILL TRACT

M. R. 32-11-12

ASSESSOR'S MAP  
COUNTY OF LOS ANGELES, CALIF.

MAR 29 1994

THIS IS NEITHER A PLAN NOR A SURVEY. IT IS FURNISHED AS A  
CONVENIENCE TO LOCATE THE LAND INDICATED HERON WITH REFERENCE  
TO SURVEYS AND OTHER LAND. NO LIABILITY IS ASSUMED BY REASON  
OF NEGLIGENCE OR OTHERWISE.

REVERED  
R-3-67  
T-1-12  
T-6-14  
A-10-4-82  
B-0-4-87  
9107100200-0007-23  
31014

## EXHIBIT A

CLTA PRELIMINARY REPORT FORM  
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

SCHEDULE B

1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990  
EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING OR ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) WHETHER OR NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE OR FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OR INDEBTEDNESS, TO COMPLY WITH THE APPLICABLE DOING BUSINESS LAWS, OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY OR THE TRANSACTION CREATING THE INTEREST OF THE INSURED LENDER, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY OR SIMILAR CREDITORS' RIGHTS LAWS.

EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.  
PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR WHICH MAY BE ASSERTED BY PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

CLTA PRELIMINARY REPORT FORM

2. AMERICAN LAND TITLE ASSOCIATION  
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)  
EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENTAL REGULATION. THIS INCLUDES BUILDING AND ZONING ORDINANCES AND ALSO LAWS AND REGULATIONS CONCERNING:

- \* LAND USE
- \* LAND DIVISION
- \* IMPROVEMENTS ON THE LAND
- \* ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS WHICH APPEAR IN THE PUBLIC RECORDS AT POLICY DATE.

THIS EXCLUSION DOES NOT LIMIT THE ZONING COVERAGE DESCRIBED IN ITEMS 12 AND 13 OF COVERED TITLE RISKS.

2. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:

- \* A NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS ON THE POLICY DATE
- \* THE TAKING HAPPENED PRIOR TO THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING

3. TITLE RISKS:

- \* THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU
- \* THAT ARE KNOWN TO YOU, BUT NOT TO US, ON THE POLICY DATE - - UNLESS THEY APPEARED IN THE PUBLIC RECORDS
- \* THAT RESULT IN NO LOSS TO YOU
- \* THAT FIRST AFFECT YOUR TITLE AFTER THE POLICY DATE - - THIS DOES NOT LIMIT THE LABOR AND MATERIAL LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS

4. FAILURE TO PAY VALUE FOR YOUR TITLE.

5. LACK OF A RIGHT:

- \* TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN ITEM 3 OF SCHEDULE A OR
- \* IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH YOUR LAND

THIS EXCLUSION DOES NOT LIMIT THE ACCESS COVERAGE IN ITEM 5 OF COVERED TITLE RISKS.

EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. ANY RIGHTS, INTERESTS, OR CLAIMS OF PARTIES IN POSSESSION OF THE LAND NOT SHOWN BY THE PUBLIC RECORDS.
2. ANY EASEMENTS OR LIENS NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS.
3. ANY FACTS ABOUT THE LAND WHICH A CORRECT SURVEY WOULD DISCLOSE AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE FORCED REMOVAL COVERAGE IN ITEM 12 OF COVERED TITLE RISKS.
4. ANY WATER RIGHTS OR CLAIMS OR TITLE TO WATER IN OR UNDER THE LAND, WHETHER OR NOT SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

3. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE  
AND  
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE  
EXCLUSIONS AND COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEY'S FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (EXCEPT TO THE EXTENT THAT THIS POLICY INSURES THE PRIORITY OF THE LIEN OF THE INSURED MORTGAGE OVER ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIAL OR TO THE EXTENT INSURANCE IS AFFORDED HEREIN AS TO THE ASSESSMENTS FOR STREET IMPROVEMENTS UNDER CONSTRUCTION OR COMPLETED AT DATE OF POLICY); OR
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS (OR THE CLAIM OF PRIORITY OF ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS OVER THE LIEN OF THE INSURED MORTGAGE) ARISING FROM AN IMPROVEMENT OR WORK RELATED TO THE LAND WHICH IS CONTRACTED FOR AND COMMENCED SUBSEQUENT TO DATE OF POLICY AND IS NOT FINANCED IN WHOLE OR IN PART BY PROCEEDS OF THE INDEBTEDNESS SECURED BY THE INSURED MORTGAGE WHICH AT DATE OF POLICY THE INSURED HAS ADVANCED OR IS OBLIGATED TO ADVANCE.
7. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OR EQUITABLE SUBORDINATION; OR
  - (III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
    - (A) TO TIMELY RECORDED THE INSTRUMENT OF TRANSFER; OR
    - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

# CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS. PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

### 4. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92) AND AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92) EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (I) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (II) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
    - (A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR
    - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

# CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.  
PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

## 5. CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (6-2-98) ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-17-98) EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENT REGULATION. THIS INCLUDES ORDINANCES, LAWS AND REGULATIONS CONCERNING:
  - A. BUILDING
  - B. ZONING
  - C. LAND USE
  - D. IMPROVEMENTS ON LAND
  - E. LAND DIVISION
  - F. ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS IF NOTICE OF THE VIOLATION OR ENFORCEMENT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.

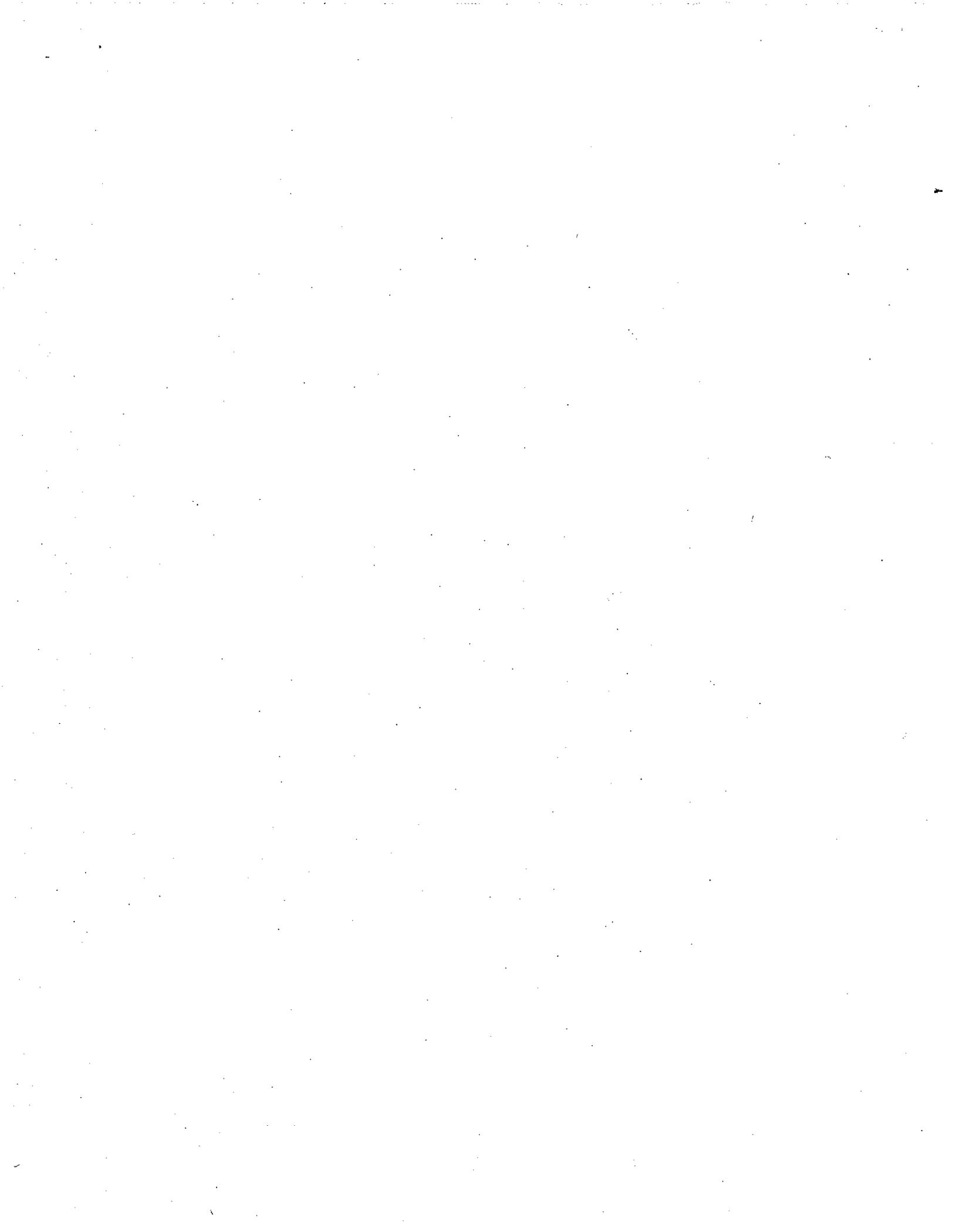
THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 14, 15, 16, 17, OR 24.

2. THE FAILURE OF YOUR EXISTING STRUCTURES, OR ANY PART OF THEM, TO BE CONSTRUCTED IN ACCORDANCE WITH APPLICABLE BUILDING CODES. THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OF BUILDING CODES IF NOTICE OF THE VIOLATION APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.
3. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:
  - A. NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE; OR
  - B. THE TAKING HAPPENED BEFORE THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING.
4. RISKS:
  - A. THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU, WHETHER OR NOT THEY APPEAR IN THE PUBLIC RECORDS;
  - B. THAT ARE KNOWN TO YOU AT THE POLICY DATE, BUT NOT TO US, UNLESS THEY APPEAR IN THE PUBLIC RECORDS AT THE POLICY DATE;
  - C. THAT RESULT IN NO LOSS TO YOU; OR
  - D. THAT FIRST OCCUR AFTER THE POLICY DATE - THIS DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 7, 8, D, 22, 23, 24 OR 25.
5. FAILURE TO PAY VALUE FOR YOUR TITLE.
6. LACK OF A RIGHT:
  - A. TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN PARAGRAPH 3 OF SCHEDULE A;  
AND
  - B. IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH THE LAND.THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 11 OR 18.

**6. "GOLD" COMPREHENSIVE PROTECTION  
LOAN POLICY OF TITLE INSURANCE  
EXCLUSIONS FROM COVERAGE**

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (THIS EXCLUSION FROM COVERAGE 3 (D) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 7, 8, 15, 16, 18, 21, 22, 24, 25, 26, 28, 29, 30, 32, 33, 34, 35, 38, 39, AND 40);
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON ANY CONSUMER CREDIT PROTECTION OR TRUTH-IN-LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (A) THE TRANSACTION CREATING THE ESTATE OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (B) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR
  - (C) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE;
    - (I) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR
    - (II) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.
7. TAXES, ASSESSMENTS, COSTS, CHARGES, DAMAGES AND OTHER OBLIGATIONS TO THE GOVERNMENT SECURED BY STATUTORY LIENS THAT BECOME A LIEN ON THE LAND SUBSEQUENT TO DATE OF POLICY, BUT THIS EXCLUSION 7 DOES NOT LIMIT THE COVERAGE OF INSURING PROVISION 34.



**Stewart Title Guaranty Company, Stewart Title Insurance Company, Stewart Title of California, Inc.**

**Privacy Policy Notice**

**PURPOSE OF THIS NOTICE**

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of Stewart Title Guaranty Company, Stewart Title Insurance Company, Stewart Title of California, Inc.

We may collect nonpublic personal information about you from the following sources:

- \* Information we receive from you, such as on applications or other forms.
- \* Information about your transactions we secure from our files, or from our affiliates or others.
- \* Information we receive from a consumer reporting agency.
- \* Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

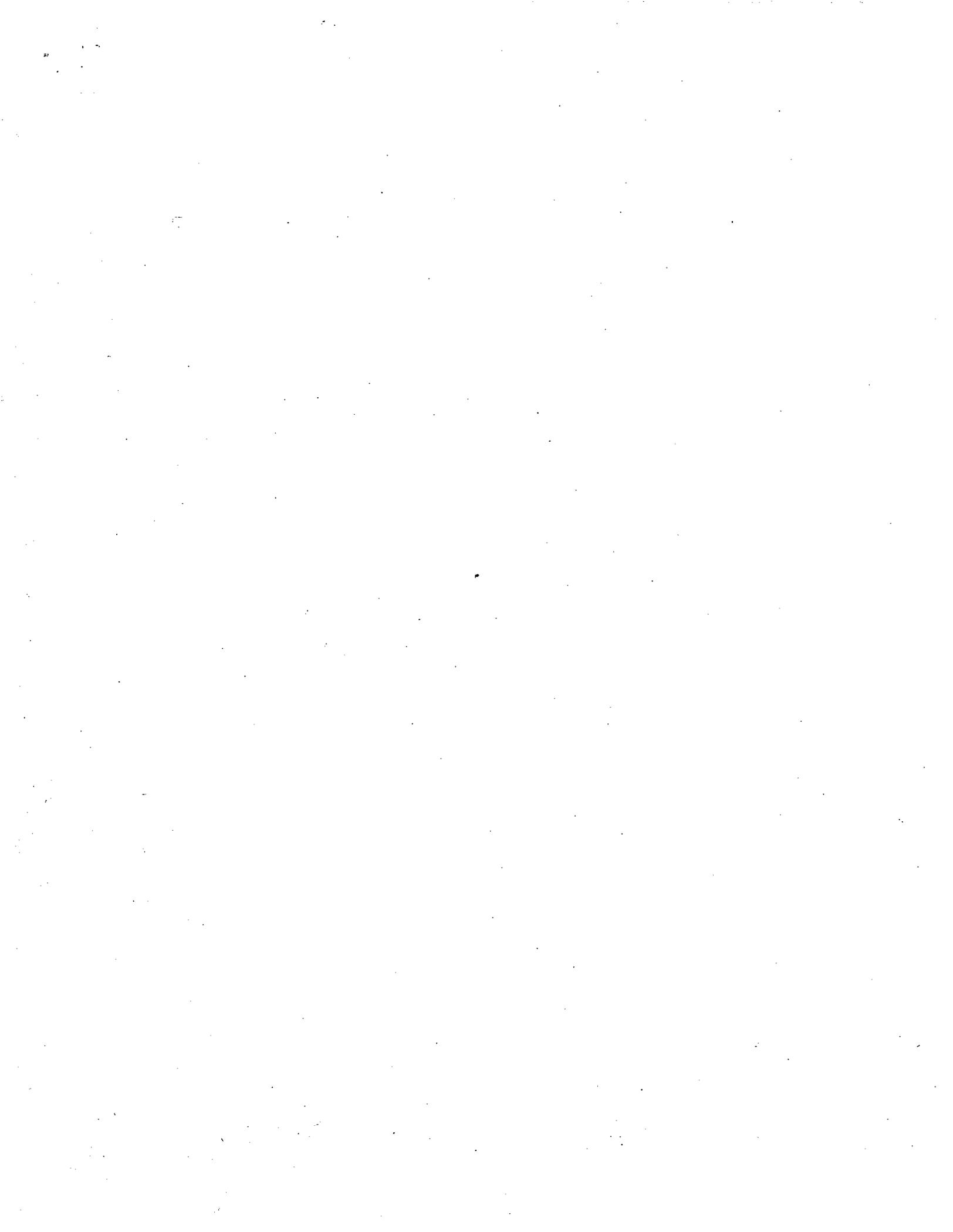
We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliates third parties permitted by law.

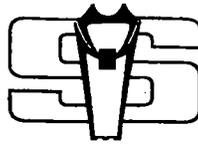
We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- \* Financial service providers such as companies engaged in banking, consumer finance, securities and insurance.
- \* Non-financial companies such as envelope stuffers and fulfillment service providers.

**WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.**

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.





Sanctity of Contract

**STEWART TITLE OF CALIFORNIA, INC.,  
LOS ANGELES DIVISION**

525 N. BRAND BLVD.

GLENDALE, CA 91203

(818) 502-2700

[www.stewarttitlela.com](http://www.stewarttitlela.com)

MEMBER CALIFORNIA LAND TITLE ASSOCIATION

**PRELIMINARY REPORT**

DMJM MANAGEMENT  
515 S FLOWER 9TH FL  
LOS ANGELES, CA 90071  
Attn: RICHARD ERICKSON

Order Number: 040189135

Your Reference: EL PUEBLO

In response to the above referenced application for a Policy of Title Insurance, Stewart Title of California, Inc. hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referenced to as an Exception on Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions, and Stipulations of said Policy forms.

The printed exceptions and exclusions from the coverage of said policy or policies are set forth in the attached list. Copies of the policy forms should be read. They are available from the office which issued this report.

**Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.**

**It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.**

This report, (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance a binder or commitment should be requested.

Dated as of October 17, 2003 at 7:30 A.M.

LARRY MCGUIRE Title Officer  
(818) 502-2723 Fax: (818) 241-9173

**PRELIMINARY REPORT**

The form of Policy of Title Insurance contemplated by this report is:  
California Land Title Association Standard Coverage Policy

**SCHEDULE A**

The Estate or Interest in the land hereinafter described or referred to covered by this report is:

A FEE

Title to said estate or interest at the date hereof is vested in:

COUNTY OF LOS ANGELES, A BODY POLITIC AND CORPORATE

Continued on next page

**LEGAL DESCRIPTION**

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

THAT PORTION OF BLOCK E AS SHOWN ON OFFICIAL MAP NO. 3 OF LOS ANGELES CITY, COMMONLY KNOWN AS THE FORT HILL TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 1 PAGES 465 AND 466 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEASTERLY CORNER OF SUNSET BOULEVARD AND NORTH BROADWAY, THENCE SOUTHWESTERLY ALONG SAID SOUTHEASTERLY LINE OF NORTH BROADWAY, 50.69 FEET; THENCE SOUTHEASTERLY AT RIGHT ANGLES, 76.00 FEET, MORE OR LESS; THENCE NORTHEASTERLY 36.35 FEET TO THE SOUTHWESTERLY LINE OF SUNSET BOULEVARD; THENCE NORTHWESTERLY ALONG SAID SOUTHWESTERLY LINE 77.54 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH THAT PORTION OF THE SOUTHEASTERLY ONE-HALF OF NORTH BROADWAY, AS VACATED BY THAT CERTAIN "RESOLUTION TO VACATE NO. 88-81505 OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES, A CERTIFIED COPY OF SAID RESOLUTION BEING RECORDED MAY 9, 1989 AS INSTRUMENT NO. 89-741091 OF OFFICIAL RECORDS, THAT WOULD PASS WITH THE LEGAL CONVEYANCE OF THE HEREINBEFORE MENTIONED LAND.

END OF LEGAL DESCRIPTION

Continued on next page

**SCHEDULE B**

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy or policies would be as follows:

1. PROPERTY TAXES, WHICH ARE A LIEN NOT YET DUE AND PAYABLE, INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, TO BE LEVIED FOR THE FISCAL YEAR 2003 - 2004 WHICH ARE A LIEN NOT YET PAYABLE.

1A. GENERAL AND SPECIAL CITY AND/OR COUNTY TAXES, BONDS OR ASSESSMENTS WHICH MAY BECOME DUE ON SAID LAND, IF AND WHEN TITLE TO SAID LAND IS NO LONGER VESTED IN A GOVERNMENTAL OR QUASI-GOVERNMENTAL AGENCY. TAX PARCEL(S) FOR SAID LAND ARE CURRENTLY SHOWN AS APN 5408-004-910.

2. THE LIEN OF SUPPLEMENTAL TAXES, IF ANY, ASSESSED PURSUANT TO THE PROVISIONS OF CHAPTER 3.5 (COMMENCING WITH SECTION 75) OF THE REVENUE AND TAXATION CODE OF THE STATE OF CALIFORNIA AND ASSESSMENTS, FOR COMMUNITY FACILITY DISTRICTS AFFECTING SAID LAND WHICH MAY EXIST BY VIRTUE OF ASSESSMENT MAPS OR NOTICES FILED BY SAID DISTRICTS.

3. AN EASEMENT AFFECTING THE PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES, CONDEMNED BY FINAL DECREE:

IN FAVOR OF	CITY OF LOS ANGELES
FOR	WIDENING SUNSET BOULEVARD
CASE NO.	59586
RECORDED	APRIL 19, 1913 IN BOOK 5001 PAGE 28 OF DEEDS

SAID MATTER AFFECTS A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT.

%% REQUIREMENTS %%

1) THIS COMPANY WILL REQUIRE THE FOLLOWING DOCUMENTS IN ORDER TO INSURE A CONVEYANCE OR ENCUMBRANCE BY THE CORPORATION OR UNINCORPORATED ASSOCIATION NAMED BELOW:

CORPORATION: COUNTY OF LOS ANGELES, A BODY POLITIC AND CORPORATE

(A) A COPY OF THE CORPORATION BY-LAWS OR ARTICLES.

Continued on next page

- (B) AN ORIGINAL OR CERTIFIED COPY OF THE RESOLUTION AUTHORIZING THE SUBJECT TRANSACTION.
- (C) IF THE ARTICLES OR BY-LAWS REQUIRE APPROVAL BY A "PARENT" ORGANIZATION, WE WILL ALSO REQUIRE A COPY OF THOSE BY-LAWS OR ARTICLES.
- (D) IF AN UNINCORPORATED ASSOCIATION, A STATEMENT PURSUANT TO APPLICABLE LAW (SUCH AS CALIFORNIA CORPORATION CODE SECTION 20002). THE RIGHT IS RESERVED TO ADD REQUIREMENTS OR ADDITIONAL ITEMS AFTER COMPLETION OF SUCH REVIEW.

2) IT IS THE POLICY OF STEWART TITLE OF CALIFORNIA - LOS ANGELES DIVISION TO COLLECT ALL TITLE CHARGES AND DEDUCT SAID CHARGES UPON RECORDING WHEN STEWART TITLE IS DOING THE PAYOFF.

END OF EXCEPTIONS

Continued on next page

## NOTES

## LENDERS NOTE:

IF AN ALTA LOAN POLICY - 1970, AMENDED 10-17-70 (AMENDED 12-6-85) IS REQUESTED, THE FOLLOWING WILL BE ADDED AS AN EXCLUSION FROM COVERAGE:

ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS THAT IS BASED ON:

(I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR TRANSFER; OR

(II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR

(III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:

(A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGEMENT OR LIEN CREDITOR.

Continued on next page

**CALIFORNIA "GOOD FUNDS" LAW**

California Insurance Code Section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available prior to disbursement. Funds received by Stewart Title of California, Inc. (Stewart Title) via wire transfer may be disbursed upon receipt. Funds received via cashier's checks or teller checks drawn on a California Bank may be disbursed on the next business day after the day of deposit. If funds are received by any other means, recording and/or disbursement may be delayed, and you should contact your title or escrow officer. All escrow and sub-escrow funds received will be deposited with other escrow funds in one or more non-interest bearing escrow accounts in a financial institution selected by Stewart Title. Stewart Title may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with the financial institution, and Stewart Title shall have no obligation to account to the depositing party in any manner for the value of, or pay to such party, any benefit received by Stewart Title. Such benefits shall be deemed additional compensation to Stewart Title for its services in connection with the escrow or sub-escrow.

**WIRING INSTRUCTIONS**

IF YOU ANTICIPATE HAVING FUNDS WIRED TO STEWART TITLE OF CALIFORNIA, INC. OUR WIRING INFORMATION IS AS FOLLOWS:

ADDITIONAL NOTE: DIRECT WIRE TRANSFERS TO:

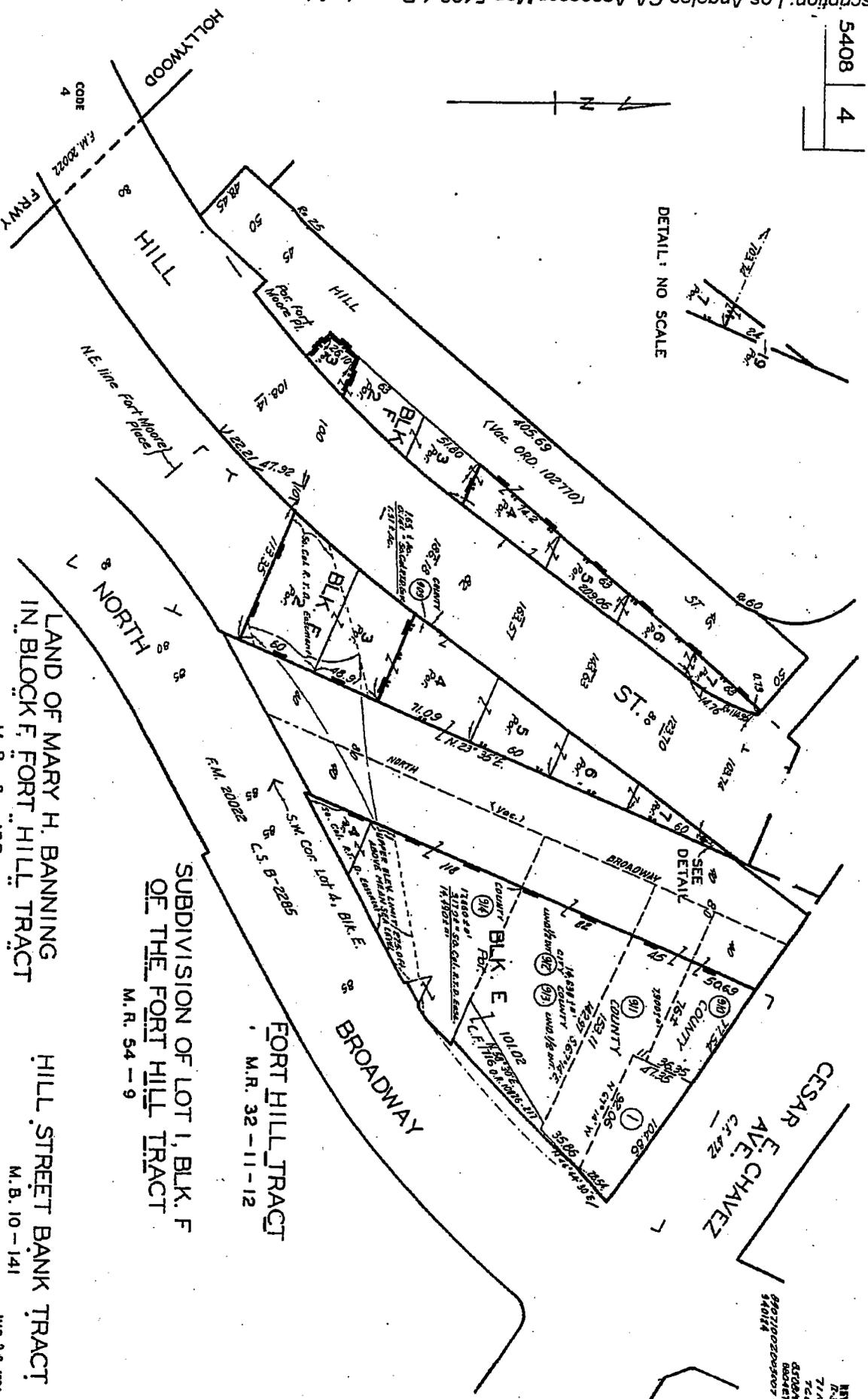
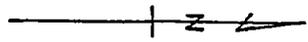
CITY NATIONAL BANK  
5601 E. SLAUSON AVE  
CITY OF COMMERCE, CALIFORNIA 90040

ROUTING NO. 122016066  
CREDIT TO STEWART TITLE OF CALIFORNIA, INC.  
ACCOUNT # 013 218811  
REF: (ORDER # 040189135, TITLE OFFICER NAME: LARRY MCGUIRE)

WHEN INSTRUCTING THE FINANCIAL INSTITUTION TO WIRE FUNDS, IT IS VERY IMPORTANT THAT YOU REFERENCE STEWART TITLE'S ORDER NUMBER.

SHOULD YOU HAVE ANY QUESTIONS IN THIS REGARD PLEASE CONTACT YOUR TITLE OFFICER IMMEDIATELY.

DETAIL: NO SCALE



O. 198 FOR PREV. ASSNT. SEE: 19-31 TO 34 & 38

THIS IS NEITHER A PART NOR A WHOLE, IT IS FORWARDED AS A  
CONNECTION TO THE LAND INDICATED HEREON WITH REFERENCE  
TO THE RECORD AND OTHER LAND, NO LIABILITY IS ASSUMED BY REASON  
OF THIS MAP EITHER.

M. B. 8 - 192

LAND OF MARY H. BANNING  
IN BLOCK F FORT HILL TRACT

HILL STREET BANK TRACT  
M. B. 10 - 141

SUBDIVISION OF LOT 1, BLK. F  
OF THE FORT HILL TRACT  
M. R. 54 - 9

FORT HILL TRACT  
M. R. 32 - 11 - 12

MAR 29 1994  
ASSASSOR'S MAP  
COUNTY OF LOS ANGELES, CALIF.

REVISED  
11/3/88  
7/10/78  
6/20/67  
RECORDED  
540114

## EXHIBIT A

### CLTA PRELIMINARY REPORT FORM LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

#### SCHEDULE B

#### 1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990 EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING OR ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERRECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) WHETHER OR NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE OR FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OR INDEBTEDNESS, TO COMPLY WITH THE APPLICABLE DOING BUSINESS LAWS, OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY OR THE TRANSACTION CREATING THE INTEREST OF THE INSURED LENDER, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY OR SIMILAR CREDITORS' RIGHTS LAWS.

#### EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.  
PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR WHICH MAY BE ASSERTED BY PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

CLTA PRELIMINARY REPORT FORM

2. AMERICAN LAND TITLE ASSOCIATION  
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)  
EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENTAL REGULATION. THIS INCLUDES BUILDING AND ZONING ORDINANCES AND ALSO LAWS AND REGULATIONS CONCERNING:

- \* LAND USE
- \* LAND DIVISION
- \* IMPROVEMENTS ON THE LAND
- \* ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS WHICH APPEAR IN THE PUBLIC RECORDS AT POLICY DATE.

THIS EXCLUSION DOES NOT LIMIT THE ZONING COVERAGE DESCRIBED IN ITEMS 12 AND 13 OF COVERED TITLE RISKS.

2. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:

- \* A NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS ON THE POLICY DATE
- \* THE TAKING HAPPENED PRIOR TO THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING

3. TITLE RISKS:

- \* THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU
- \* THAT ARE KNOWN TO YOU, BUT NOT TO US, ON THE POLICY DATE - - UNLESS THEY APPEARED IN THE PUBLIC RECORDS
- \* THAT RESULT IN NO LOSS TO YOU
- \* THAT FIRST AFFECT YOUR TITLE AFTER THE POLICY DATE - - THIS DOES NOT LIMIT THE LABOR AND MATERIAL LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS

4. FAILURE TO PAY VALUE FOR YOUR TITLE.

5. LACK OF A RIGHT:

- \* TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN ITEM 3 OF SCHEDULE A OR
- \* IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH YOUR LAND

THIS EXCLUSION DOES NOT LIMIT THE ACCESS COVERAGE IN ITEM 5 OF COVERED TITLE RISKS.

EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. ANY RIGHTS, INTERESTS, OR CLAIMS OF PARTIES IN POSSESSION OF THE LAND NOT SHOWN BY THE PUBLIC RECORDS.
2. ANY EASEMENTS OR LIENS NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS.
3. ANY FACTS ABOUT THE LAND WHICH A CORRECT SURVEY WOULD DISCLOSE AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE FORCED REMOVAL COVERAGE IN ITEM 12 OF COVERED TITLE RISKS.
4. ANY WATER RIGHTS OR CLAIMS OR TITLE TO WATER IN OR UNDER THE LAND, WHETHER OR NOT SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

3. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE  
AND  
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE  
EXCLUSIONS AND COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEY'S FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (EXCEPT TO THE EXTENT THAT THIS POLICY INSURES THE PRIORITY OF THE LIEN OF THE INSURED MORTGAGE OVER ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIAL OR TO THE EXTENT INSURANCE IS AFFORDED HEREIN AS TO THE ASSESSMENTS FOR STREET IMPROVEMENTS UNDER CONSTRUCTION OR COMPLETED AT DATE OF POLICY); OR
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS (OR THE CLAIM OF PRIORITY OF ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS OVER THE LIEN OF THE INSURED MORTGAGE) ARISING FROM AN IMPROVEMENT OR WORK RELATED TO THE LAND WHICH IS CONTRACTED FOR AND COMMENCED SUBSEQUENT TO DATE OF POLICY AND IS NOT FINANCED IN WHOLE OR IN PART BY PROCEEDS OF THE INDEBTEDNESS SECURED BY THE INSURED MORTGAGE WHICH AT DATE OF POLICY THE INSURED HAS ADVANCED OR IS OBLIGATED TO ADVANCE.
7. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OR EQUITABLE SUBORDINATION; OR
  - (III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
    - (A) TO TIMELY RECORDED THE INSTRUMENT OF TRANSFER; OR
    - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

# CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.  
PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

### 4. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92) AND

### AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92) EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:  
(A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;  
(B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;  
(C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;  
(D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR  
(E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (I) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (II) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
    - (A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR
    - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

# CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS. PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

## 5. CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (6-2-98) ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-17-98) EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENT REGULATION. THIS INCLUDES ORDINANCES, LAWS AND REGULATIONS CONCERNING:

- A. BUILDING
- B. ZONING
- C. LAND USE
- D. IMPROVEMENTS ON LAND
- E. LAND DIVISION
- F. ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS IF NOTICE OF THE VIOLATION OR ENFORCEMENT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.

THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 14, 15, 16, 17, OR 24.

2. THE FAILURE OF YOUR EXISTING STRUCTURES, OR ANY PART OF THEM, TO BE CONSTRUCTED IN ACCORDANCE WITH APPLICABLE BUILDING CODES. THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OF BUILDING CODES IF NOTICE OF THE VIOLATION APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.

3. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:

- A. NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE; OR
- B. THE TAKING HAPPENED BEFORE THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING.

4. RISKS:

- A. THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU, WHETHER OR NOT THEY APPEAR IN THE PUBLIC RECORDS;
- B. THAT ARE KNOWN TO YOU AT THE POLICY DATE, BUT NOT TO US, UNLESS THEY APPEAR IN THE PUBLIC RECORDS AT THE POLICY DATE;
- C. THAT RESULT IN NO LOSS TO YOU; OR
- D. THAT FIRST OCCUR AFTER THE POLICY DATE - THIS DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 7, 8.D, 22, 23, 24 OR 25.

5. FAILURE TO PAY VALUE FOR YOUR TITLE.

6. LACK OF A RIGHT:

- A. TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN PARAGRAPH 3 OF SCHEDULE A; AND
- B. IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH THE LAND.

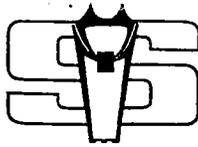
THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 11 OR 18.

**6. "GOLD" COMPREHENSIVE PROTECTION  
LOAN POLICY OF TITLE INSURANCE  
EXCLUSIONS FROM COVERAGE**

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (THIS EXCLUSION FROM COVERAGE 3 (D) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 7, 8, 15, 16, 18, 21, 22, 24, 25, 26, 28, 29, 30, 32, 33, 34, 35, 38, 39, AND 40);
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON ANY CONSUMER CREDIT PROTECTION OR TRUTH-IN-LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (A) THE TRANSACTION CREATING THE ESTATE OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (B) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR
  - (C) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE;
    - (I) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR
    - (II) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.
7. TAXES, ASSESSMENTS, COSTS, CHARGES, DAMAGES AND OTHER OBLIGATIONS TO THE GOVERNMENT SECURED BY STATUTORY LIENS THAT BECOME A LIEN ON THE LAND SUBSEQUENT TO DATE OF POLICY, BUT THIS EXCLUSION 7 DOES NOT LIMIT THE COVERAGE OF INSURING PROVISION 34.





Sanctity of Contract

**STEWART TITLE OF CALIFORNIA, INC.,  
LOS ANGELES DIVISION**

525 N. BRAND BLVD.

GLENDALE, CA 91203

(818) 502-2700

[www.stewarttitlela.com](http://www.stewarttitlela.com)

MEMBER CALIFORNIA LAND TITLE ASSOCIATION

**PRELIMINARY REPORT**

DMJM MANAGEMENT  
515 S FLOWER 9TH FL  
LOS ANGELES, CA 90071  
Attn: RICHARD ERICKSON

Order Number: 040189136

Your Reference: EL PUEBLO

In response to the above referenced application for a Policy of Title Insurance, Stewart Title of California, Inc. hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referenced to as an Exception on Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions, and Stipulations of said Policy forms.

The printed exceptions and exclusions from the coverage of said policy or policies are set forth in the attached list. Copies of the policy forms should be read. They are available from the office which issued this report.

**Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.**

**It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.**

This report, (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance a binder or commitment should be requested.

Dated as of August 25, 2003 at 7:30 A.M.

LARRY MCGUIRE Title Officer  
(818) 502-2723 Fax: (818) 241-9173

**PRELIMINARY REPORT**

The form of Policy of Title Insurance contemplated by this report is:  
California Land Title Association Standard Coverage Policy

**SCHEDULE A**

The Estate or Interest in the land hereinafter described or referred  
to covered by this report is:

A FEE

Title to said estate or interest at the date hereof is vested in:

COUNTY OF LOS ANGELES

Continued on next page

**LEGAL DESCRIPTION**

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

THAT PORTION OF BLOCK E AS SHOWN ON OFFICIAL MAP NO. 3 OF LOS ANGELES CITY, COMMONLY KNOWN AS THE FORT HILL TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 1 PAGES 465 AND 466 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHEAST LINE OF NORTH BROADWAY, 80 FEET IN WIDTH, SAID POINT BEING DISTANT SOUTHWESTERLY 50.69 FEET ALONG SAID SOUTHEAST LINE FROM THE SOUTHWEST LINE OF SUNSET BOULEVARD; THENCE SOUTHWESTERLY ALONG SAID SOUTHEASTERLY LINE, 45.00 FEET; THENCE SOUTHEASTERLY SOUTH  $67^{\circ} 14' 00''$  EAST 153.00 FEET; THENCE NORTH  $44^{\circ} 44' 30''$  EAST 35.86 FEET; THENCE NORTH  $67^{\circ} 14' 00''$  WEST 92.06 FEET; THENCE NORTHEAST AT RIGHT ANGLES TO LAST SAID LINE 11.00 FEET; THENCE NORTHWEST AT RIGHT ANGLES, TO LAST SAID LINE, 76.00 FEET MORE OR LESS TO THE POINT OF BEGINNING.

TOGETHER WITH THAT PORTION OF THE SOUTHEASTERLY ONE-HALF OF NORTH BROADWAY, AS VACATED BY THAT CERTAIN "RESOLUTION TO VACATE NO. 88-81505 OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES, A CERTIFIED COPY OF SAID RESOLUTION BEING RECORDED MAY 9, 1989 AS INSTRUMENT NO. 89-741091 OF OFFICIAL RECORDS, THAT WOULD PASS WITH THE LEGAL CONVEYANCE OF THE HEREINBEFORE MENTIONED LAND.

END OF LEGAL DESCRIPTION

Continued on next page

SCHEDULE B

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy or policies would be as follows:

1. PROPERTY TAXES, WHICH ARE A LIEN NOT YET DUE AND PAYABLE, INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, TO BE LEVIED FOR THE FISCAL YEAR 2003 - 2004 WHICH ARE A LIEN NOT YET PAYABLE.

1A. GENERAL AND SPECIAL CITY AND/OR COUNTY TAXES, BONDS OR ASSESSMENTS WHICH MAY BECOME DUE ON SAID LAND, IF AND WHEN TITLE TO SAID LAND IS NO LONGER VESTED IN A GOVERNMENTAL OR QUASI-GOVERNMENTAL AGENCY. TAX PARCEL(S) FOR SAID LAND ARE CURRENTLY SHOWN AS APN 5408-004-911.

2. THE LIEN OF SUPPLEMENTAL TAXES, IF ANY, ASSESSED PURSUANT TO THE PROVISIONS OF CHAPTER 3.5 (COMMENCING WITH SECTION 75) OF THE REVENUE AND TAXATION CODE OF THE STATE OF CALIFORNIA AND ASSESSMENTS, FOR COMMUNITY FACILITY DISTRICTS AFFECTING SAID LAND WHICH MAY EXIST BY VIRTUE OF ASSESSMENT MAPS OR NOTICES FILED BY SAID DISTRICTS.

3. AN EASEMENT AFFECTING THE PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES, CONDEMNED BY FINAL DECREE:

IN FAVOR OF	CITY OF LOS ANGELES
FOR	PUBLIC STREETS AND HIGHWAYS
CASE NO.	550634
RECORDED	AUGUST 16, 1950 IN BOOK 34017 PAGE 364 AS
	INSTRUMENT NO. 3922, OFFICIAL RECORDS

SAID MATTER AFFECTS A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT.

%% REQUIREMENTS %%

1) THIS COMPANY WILL REQUIRE THE FOLLOWING DOCUMENTS IN ORDER TO INSURE A CONVEYANCE OR ENCUMBRANCE BY THE CORPORATION OR UNINCORPORATED ASSOCIATION NAMED BELOW:

CORPORATION: COUNTY OF LOS ANGELES, A BODY CORPORATE AND POLITIC

Continued on next page

- (A) A COPY OF THE CORPORATION BY-LAWS OR ARTICLES.
- (B) AN ORIGINAL OR CERTIFIED COPY OF THE RESOLUTION AUTHORIZING THE SUBJECT TRANSACTION.
- (C) IF THE ARTICLES OR BY-LAWS REQUIRE APPROVAL BY A "PARENT" ORGANIZATION, WE WILL ALSO REQUIRE A COPY OF THOSE BY-LAWS OR ARTICLES.
- (D) IF AN UNINCORPORATED ASSOCIATION, A STATEMENT PURSUANT TO APPLICABLE LAW (SUCH AS CALIFORNIA CORPORATION CODE SECTION 20002). THE RIGHT IS RESERVED TO ADD REQUIREMENTS OR ADDITIONAL ITEMS AFTER COMPLETION OF SUCH REVIEW.

2) IT IS THE POLICY OF STEWART TITLE OF CALIFORNIA - LOS ANGELES DIVISION TO COLLECT ALL TITLE CHARGES AND DEDUCT SAID CHARGES UPON RECORDING WHEN STEWART TITLE IS DOING THE PAYOFF.

END OF EXCEPTIONS

Continued on next page

**NOTES****LENDERS NOTE:**

IF AN ALTA LOAN POLICY - 1970, AMENDED 10-17-70 (AMENDED 12-6-85) IS REQUESTED, THE FOLLOWING WILL BE ADDED AS AN EXCLUSION FROM COVERAGE:

ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS THAT IS BASED ON:

(I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR TRANSFER; OR

(II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR

(III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:

(A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGEMENT OR LIEN CREDITOR.

Continued on next page

**CALIFORNIA "GOOD FUNDS" LAW**

California Insurance Code Section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available prior to disbursement. Funds received by Stewart Title of California, Inc. (Stewart Title) via wire transfer may be disbursed upon receipt. Funds received via cashier's checks or teller checks drawn on a California Bank may be disbursed on the next business day after the day of deposit. If funds are received by any other means, recording and/or disbursement may be delayed, and you should contact your title or escrow officer. All escrow and sub-escrow funds received will be deposited with other escrow funds in one or more non-interest bearing escrow accounts in a financial institution selected by Stewart Title. Stewart Title may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with the financial institution, and Stewart Title shall have no obligation to account to the depositing party in any manner for the value of, or pay to such party, any benefit received by Stewart Title. Such benefits shall be deemed additional compensation to Stewart Title for its services in connection with the escrow or sub-escrow.

**WIRING INSTRUCTIONS**

IF YOU ANTICIPATE HAVING FUNDS WIRED TO STEWART TITLE OF CALIFORNIA, INC. OUR WIRING INFORMATION IS AS FOLLOWS:

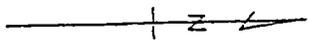
ADDITIONAL NOTE: DIRECT WIRE TRANSFERS TO:

CITY NATIONAL BANK  
5601 E. SLAUSON AVE  
CITY OF COMMERCE, CALIFORNIA 90040

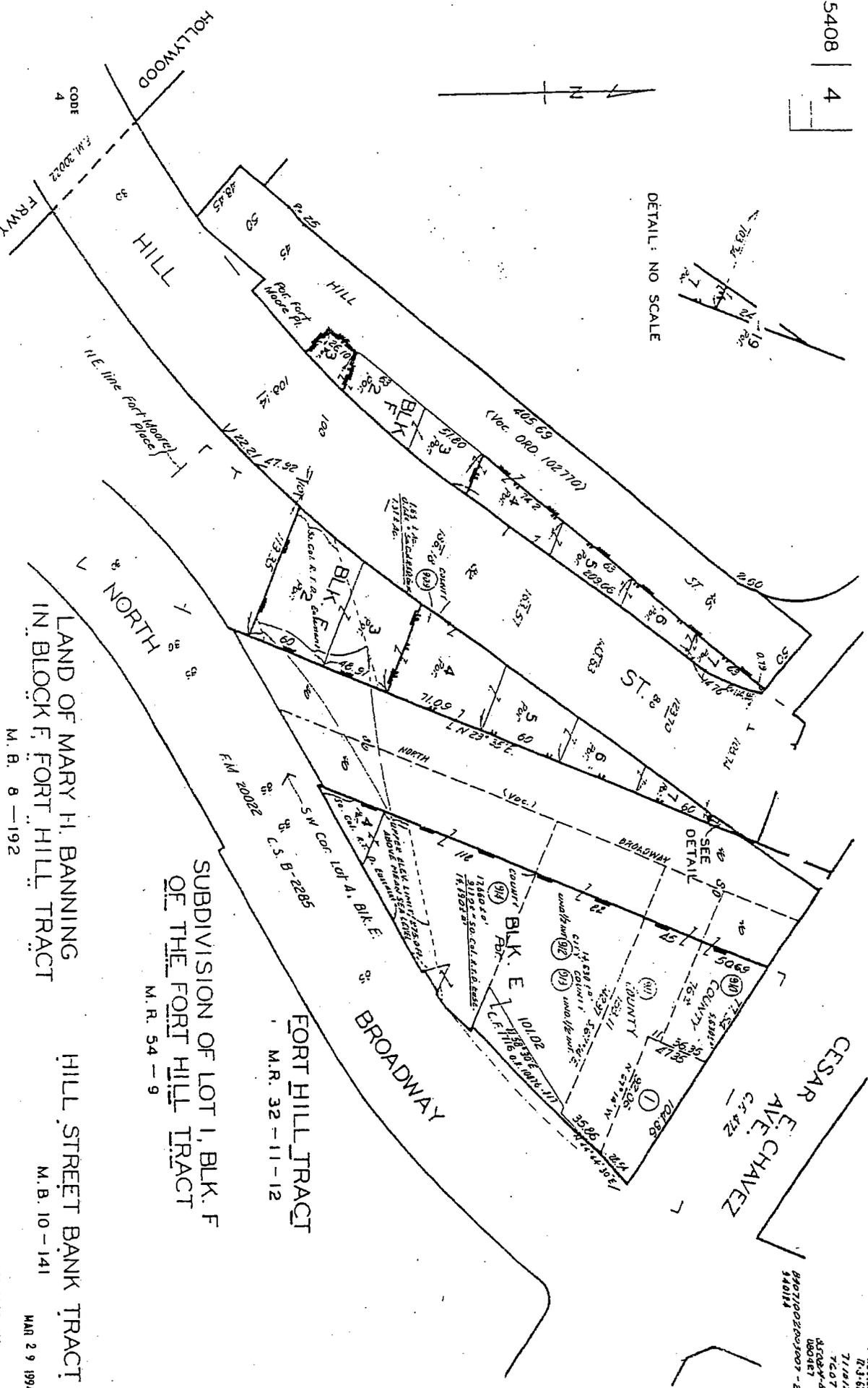
ROUTING NO. 122016066  
CREDIT TO STEWART TITLE OF CALIFORNIA, INC.  
ACCOUNT # 013 218811  
REF: (ORDER # 040189136, TITLE OFFICER NAME: LARRY MCGUIRE)

WHEN INSTRUCTING THE FINANCIAL INSTITUTION TO WIRE FUNDS, IT IS VERY IMPORTANT THAT YOU REFERENCE STEWART TITLE'S ORDER NUMBER.

SHOULD YOU HAVE ANY QUESTIONS IN THIS REGARD PLEASE CONTACT YOUR TITLE OFFICER IMMEDIATELY.



DETAIL: NO SCALE



CODE 4  
FOR PREV. ASSM'T. SEE: 19-31 TO 34 & 38  
O. 198

LAND OF MARY H. BANNING  
IN BLOCK F, FORT HILL TRACT  
M. B. 8-192

SUBDIVISION OF LOT 1, BLK. F  
OF THE FORT HILL TRACT  
M. R. 54-9

FORT HILL TRACT  
M. R. 32-11-12

HILL STREET BANK TRACT  
M. B. 10-141

ASSESSOR'S MAP  
COUNTY OF LOS ANGELES, CALIF.  
MAR 29 1994

EXHIBIT A

CLTA PRELIMINARY REPORT FORM  
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

SCHEDULE B

1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990  
EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING OR ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) WHETHER OR NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE OR FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OR INDEBTEDNESS, TO COMPLY WITH THE APPLICABLE DOING BUSINESS LAWS, OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY OR THE TRANSACTION CREATING THE INTEREST OF THE INSURED LENDER, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY OR SIMILAR CREDITORS' RIGHTS LAWS.

EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.  
PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR WHICH MAY BE ASSERTED BY PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

CLTA PRELIMINARY REPORT FORM

2. AMERICAN LAND TITLE ASSOCIATION  
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)  
EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENTAL REGULATION. THIS INCLUDES BUILDING AND ZONING ORDINANCES AND ALSO LAWS AND REGULATIONS CONCERNING:
  - \* LAND USE
  - \* LAND DIVISION
  - \* IMPROVEMENTS ON THE LAND
  - \* ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS WHICH APPEAR IN THE PUBLIC RECORDS AT POLICY DATE.  
THIS EXCLUSION DOES NOT LIMIT THE ZONING COVERAGE DESCRIBED IN ITEMS 12 AND 13 OF COVERED TITLE RISKS.

2. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:

- \* A NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS ON THE POLICY DATE
- \* THE TAKING HAPPENED PRIOR TO THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING

3. TITLE RISKS:

- \* THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU
- \* THAT ARE KNOWN TO YOU, BUT NOT TO US, ON THE POLICY DATE - - UNLESS THEY APPEARED IN THE PUBLIC RECORDS
- \* THAT RESULT IN NO LOSS TO YOU
- \* THAT FIRST AFFECT YOUR TITLE AFTER THE POLICY DATE - - THIS DOES NOT LIMIT THE LABOR AND MATERIAL LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS

4. FAILURE TO PAY VALUE FOR YOUR TITLE.

5. LACK OF A RIGHT:

- \* TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN ITEM 3 OF SCHEDULE A OR
- \* IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH YOUR LAND

THIS EXCLUSION DOES NOT LIMIT THE ACCESS COVERAGE IN ITEM 5 OF COVERED TITLE RISKS.

EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. ANY RIGHTS, INTERESTS, OR CLAIMS OF PARTIES IN POSSESSION OF THE LAND NOT SHOWN BY THE PUBLIC RECORDS.
2. ANY EASEMENTS OR LIENS NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS.
3. ANY FACTS ABOUT THE LAND WHICH A CORRECT SURVEY WOULD DISCLOSE AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE FORCED REMOVAL COVERAGE IN ITEM 12 OF COVERED TITLE RISKS.
4. ANY WATER RIGHTS OR CLAIMS OR TITLE TO WATER IN OR UNDER THE LAND, WHETHER OR NOT SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

STEWART TITLE GUARANTY COMPANY

3. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE  
AND  
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE  
EXCLUSIONS AND COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEY'S FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:  
(A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;  
(B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;  
(C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;  
(D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (EXCEPT TO THE EXTENT THAT THIS POLICY INSURES THE PRIORITY OF THE LIEN OF THE INSURED MORTGAGE OVER ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIAL OR TO THE EXTENT INSURANCE IS AFFORDED HEREIN AS TO THE ASSESSMENTS FOR STREET IMPROVEMENTS UNDER CONSTRUCTION OR COMPLETED AT DATE OF POLICY); OR  
(E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS (OR THE CLAIM OF PRIORITY OF ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS OVER THE LIEN OF THE INSURED MORTGAGE) ARISING FROM AN IMPROVEMENT OR WORK RELATED TO THE LAND WHICH IS CONTRACTED FOR AND COMMENCED SUBSEQUENT TO DATE OF POLICY AND IS NOT FINANCED IN WHOLE OR IN PART BY PROCEEDS OF THE INDEBTEDNESS SECURED BY THE INSURED MORTGAGE WHICH AT DATE OF POLICY THE INSURED HAS ADVANCED OR IS OBLIGATED TO ADVANCE.
7. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OR EQUITABLE SUBORDINATION; OR
  - (III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
    - (A) TO TIMELY RECORDED THE INSTRUMENT OF TRANSFER; OR
    - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

# CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS. PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

### 4. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)

AND

### AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92) EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:  
(A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;  
(B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;  
(C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;  
(D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR  
(E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (I) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (II) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
    - (A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR
    - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR,

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

# CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS. PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

## 5. CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (6-2-98)

### ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-17-98)

#### EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENT REGULATION. THIS INCLUDES ORDINANCES, LAWS AND REGULATIONS CONCERNING:
  - A. BUILDING
  - B. ZONING
  - C. LAND USE
  - D. IMPROVEMENTS ON LAND
  - E. LAND DIVISION
  - F. ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS IF NOTICE OF THE VIOLATION OR ENFORCEMENT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.

THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 14, 15, 16, 17, OR 24.

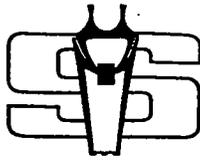
2. THE FAILURE OF YOUR EXISTING STRUCTURES, OR ANY PART OF THEM, TO BE CONSTRUCTED IN ACCORDANCE WITH APPLICABLE BUILDING CODES. THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OF BUILDING CODES IF NOTICE OF THE VIOLATION APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.
3. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:
  - A. NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE; OR
  - B. THE TAKING HAPPENED BEFORE THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING.
4. RISKS:
  - A. THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU, WHETHER OR NOT THEY APPEAR IN THE PUBLIC RECORDS;
  - B. THAT ARE KNOWN TO YOU AT THE POLICY DATE, BUT NOT TO US, UNLESS THEY APPEAR IN THE PUBLIC RECORDS AT THE POLICY DATE;
  - C. THAT RESULT IN NO LOSS TO YOU; OR
  - D. THAT FIRST OCCUR AFTER THE POLICY DATE - THIS DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 7, 8, D, 22, 23, 24 OR 25.
5. FAILURE TO PAY VALUE FOR YOUR TITLE.
6. LACK OF A RIGHT:
  - A. TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN PARAGRAPH 3 OF SCHEDULE A; AND
  - B. IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH THE LAND.THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 11 OR 18.

**6. "GOLD" COMPREHENSIVE PROTECTION  
LOAN POLICY OF TITLE INSURANCE  
EXCLUSIONS FROM COVERAGE**

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (THIS EXCLUSION FROM COVERAGE 3 (D) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 7, 8, 15, 16, 18, 21, 22, 24, 25, 26, 28, 29, 30, 32, 33, 34, 35, 38, 39, AND 40);
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON ANY CONSUMER CREDIT PROTECTION OR TRUTH-IN-LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (A) THE TRANSACTION CREATING THE ESTATE OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (B) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR
  - (C) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE;
    - (I) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR
    - (II) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.
7. TAXES, ASSESSMENTS, COSTS, CHARGES, DAMAGES AND OTHER OBLIGATIONS TO THE GOVERNMENT SECURED BY STATUTORY LIENS THAT BECOME A LIEN ON THE LAND SUBSEQUENT TO DATE OF POLICY, BUT THIS EXCLUSION 7 DOES NOT LIMIT THE COVERAGE OF INSURING PROVISION 34.





Sanctity of Contract

**STEWART TITLE OF CALIFORNIA, INC.,  
LOS ANGELES DIVISION**

525 N. BRAND BLVD.  
GLENDALE, CA 91203  
(818) 502-2700  
[www.stewarttitlela.com](http://www.stewarttitlela.com)

MEMBER CALIFORNIA LAND TITLE ASSOCIATION

**PRELIMINARY REPORT**

DMJM MANAGEMENT  
515 SOUTH FLOWER, 9TH FLOOR  
LOS ANGELES, CA 90071  
Attn: RICHARD ERICKSON

Order Number: 040189138

Your Reference: EL PUEBLO

In response to the above referenced application for a Policy of Title Insurance, Stewart Title of California, Inc. hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referenced to as an Exception on Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions, and Stipulations of said Policy forms.

The printed exceptions and exclusions from the coverage of said policy or policies are set forth in the attached list. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report, (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance a binder or commitment should be requested.

Dated as of November 05, 2003 at 7:30 A.M.

LARRY MCGUIRE Title Officer  
(818) 502-2723 Fax: (818) 241-9173

**PRELIMINARY REPORT**

The form of Policy of Title Insurance contemplated by this report is:  
California Land Title Association Standard Coverage Policy

**SCHEDULE A**

The Estate or Interest in the land hereinafter described or referred  
to covered by this report is:

A FEE

Title to said estate or interest at the date hereof is vested in:

COUNTY OF LOS ANGELES

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## LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

PARCEL 1:

PARCEL 72, AS DESCRIBED IN THAT CERTAIN "FINAL JUDGEMENT" HAD IN CASE NO. 287,164, RECORDED IN BOOK 10825 PAT 217 OF OFFICIAL RECORDS OF LOS ANGELES COUNTY, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE SOUTHERLY 62 FEET OF THAT PORTION OF BLOCK "E" AS SHOWN ON OFFICIAL MAP NO. 3 OF LOS ANGELES CITY, COMMONLY KNOWN AS THE FORT HILL TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1, PAGE(S) 465 AND 466, MISCELLANEOUS RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WESTERLY LINE OF JUSTICIA STREET (FORMERLY BUENA VISTA STREET) DISTANT SOUTHERLY 100 FEET FROM ITS INTERSECTION WITH THE SOUTHERLY LINE OF BELLEVUE AVENUE, AS SAID AVENUE EXISTED IN 1868, THENCE SOUTHERLY ALONG SAID LINE OF JUSTICIA STREET 82 FEET; THENCE AT RIGHT ANGLES TO SAID LINE WESTERLY 102 FEET; THENCE NORTH 58° 30' EAST 101.02 FEET; THENCE SOUTH 67° 14' EAST 43 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

PARCEL 74, AS DESCRIBED IN THAT CERTAIN "FINAL JUDGEMENT" HAD IN CASE NO. 287,164, RECORDED IN BOOK 10825 PAT 217 OF OFFICIAL RECORDS OF LOS ANGELES COUNTY, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE NORTHERLY 20 FEET OF THAT PORTION OF BLOCK "E" AS SHOWN ON OFFICIAL MAP NO. 3 OF LOS ANGELES CITY, COMMONLY KNOWN AS THE FORT HILL TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1, PAGE(S) 465 AND 466, MISCELLANEOUS RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WESTERLY LINE OF JUSTICIA STREET (FORMERLY BUENA VISTA STREET) DISTANT SOUTHERLY 100 FEET FROM ITS INTERSECTION WITH THE SOUTHERLY LINE OF BELLEVUE AVENUE, AS SAID AVENUE EXISTED IN 1868, THENCE SOUTHERLY ALONG SAID LINE OF JUSTICIA STREET 82 FEET; THENCE AT RIGHT ANGLES TO SAID LINE WESTERLY 102 FEET; THENCE NORTH 58° 30' EAST 101.02 FEET; THENCE SOUTH 67° 14' EAST 43 FEET TO THE POINT OF BEGINNING.

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## PARCEL 3:

THAT CERTAIN LAND DESCRIBED IN DEED RECORDED IN BOOK 23367 PAGE 161, OF OFFICIAL RECORDS OF LOS ANGELES COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT CERTAIN LOT OR PARCEL OF LAND, BEING A PORTION OF BLOCK E, OF FORT HILL TRACT, AS PER MAP RECORDED IN BOOK 32, PAGES 11 AND 12 OF MISCELLANEOUS RECORDS OF THE COUNTY OF LOS ANGELES, SITUATED AND BOUNDED AS FOLLOWS: ON THE SOUTHEAST LINE OF NORTH BROADWAY STREET, COMMENCING, SOUTHWEST 95.69 FEET FROM THE SOUTHWEST LINE OF SUNSET BOULEVARD; THENCE SOUTH WEST ON SAID SOUTHEAST LINE, 82 FEET; THENCE SOUTH 67° 14' EAST, 84 FEET MORE OR LESS; THENCE NORTH 58° 30' EAST, 101.02 FEET; THENCE NORTHWEST 142.97 FEET TO BEGINNING.

TOGETHER WITH THAT PORTION OF THE SOUTHEASTERLY ONE-HALF OF NORTH BROADWAY, AS VACATED BY THAT CERTAIN "RESOLUTION TO VACATE NO. 88-81505 OF THE CITY COUNCIL OF LOS ANGELES, A CERTIFIED COPY OF SAID RESOLUTION BEING RECORDED MAY 9, 1989 AS INSTRUMENT NO. 89-741091 OF OFFICIAL RECORDS, THAT WOULD PASS WITH THE LEGAL CONVEYANCE OF THE HEREINBEFORE MENTIONED LAND.

END OF LEGAL DESCRIPTION

Continued on next page

## SCHEDULE B

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy or policies would be as follows:

1. GENERAL AND SPECIAL CITY AND/OR COUNTY TAXES, BONDS OR ASSESSMENTS WHICH MAY BECOME DUE ON SAID LAND, IF AND WHEN TITLE TO SAID LAND IS NO LONGER VESTED IN A GOVERNMENTAL OR QUASI-GOVERNMENTAL AGENCY. TAX PARCEL(S) FOR SAID LAND ARE CURRENTLY SHOWN AS 5408-004-913 & 5408-004-912.
2. THE LIEN OF SUPPLEMENTAL TAXES, IF ANY, ASSESSED PURSUANT TO THE PROVISIONS OF CHAPTER 3.5 (COMMENCING WITH SECTION 75) OF THE REVENUE AND TAXATION CODE OF THE STATE OF CALIFORNIA AND ASSESSMENTS, FOR COMMUNITY FACILITY DISTRICTS AFFECTING SAID LAND WHICH MAY EXIST BY VIRTUE OF ASSESSMENT MAPS OR NOTICES FILED BY SAID DISTRICTS.

3. AN EASEMENT AFFECTING THE PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES, CONDEMNED BY FINAL DECREE:

IN FAVOR OF	CITY OF LOS ANGELES
FOR	PUBLIC STREET OR HIGHWAY
CASE NO.	NOT SHOWN
RECORDED	BOOK 1338, PAGE 96, OF OFFICIAL RECORDS

SAID MATTER AFFECTS A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT.

4. AN EASEMENT AFFECTING THE PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES, CONDEMNED BY FINAL DECREE:

IN FAVOR OF	CITY OF LOS ANGELES
FOR	PUBLIC STREETS AND HIGHWAYS
CASE NO.	550634
RECORDED	SEPTEMBER 20, 1949 IN BOOK 31038 PAGE 357 AS DOCUMENT NO. 2786, OF OFFICIAL RECORDS

SAID MATTER AFFECTS A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT.

5. ANY INTEREST OF THE PERSON(S) SHOWN BELOW WHOSE POSSIBLE INTEREST IS DISCLOSED BY REASON OF THEIR BEING SHOWN AS ASSESSED OWNER(S) OF SAID LAND ON THE COUNTY SECURED TAX ROLLS.

NAME: THE CITY OF LOS ANGELES

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## +++++ REQUIREMENTS +++++

1. THIS COMPANY WILL REQUIRE THE FOLLOWING DOCUMENTS IN ORDER TO INSURE A CONVEYANCE OR ENCUMBRANCE BY THE CORPORATION OR UNINCORPORATED ASSOCIATION NAMED BELOW:

CORPORATION: THE COUNTY OF LOS ANGELES,  
A CALIFORNIA CORPORATION

- (A) A COPY OF THE CORPORATION BY-LAWS OR ARTICLES.
- (B) AN ORIGINAL OR CERTIFIED COPY OF THE RESOLUTION AUTHORIZING THE SUBJECT TRANSACTION.
- (C) IF THE ARTICLES OR BY-LAWS REQUIRE APPROVAL BY A "PARENT" ORGANIZATION, WE WILL ALSO REQUIRE A COPY OF THOSE BY-LAWS OR ARTICLES.
- (D) IF AN UNINCORPORATED ASSOCIATION, A STATEMENT PURSUANT TO APPLICABLE LAW (SUCH AS CALIFORNIA CORPORATION CODE SECTION 20002). THE RIGHT IS RESERVED TO ADD REQUIREMENTS OR ADDITIONAL ITEMS AFTER COMPLETION OF SUCH REVIEW.

2. IT IS THE POLICY OF STEWART<sup>®</sup> TITLE OF CALIFORNIA - LOS ANGELES DIVISION TO COLLECT ALL TITLE CHARGES AND DEDUCT SAID CHARGES UPON RECORDING WHEN STEWART TITLE IS DOING THE PAYOFF.

END OF EXCEPTIONS

Continued on next page

**NOTES****LENDERS NOTE:**

IF AN ALTA LOAN POLICY - 1970, AMENDED 10-17-70 (AMENDED 12-6-85) IS REQUESTED, THE FOLLOWING WILL BE ADDED AS AN EXCLUSION FROM COVERAGE:

ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS THAT IS BASED ON:

(I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR TRANSFER; OR

(II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR

(III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:

(A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGEMENT OR LIEN CREDITOR.

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## CALIFORNIA "GOOD FUNDS" LAW

California Insurance Code Section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available prior to disbursement. Funds received by Stewart Title of California, Inc. (Stewart Title) via wire transfer may be disbursed upon receipt. Funds received via cashier's checks or teller checks drawn on a California Bank may be disbursed on the next business day after the day of deposit. If funds are received by any other means, recording and/or disbursement may be delayed, and you should contact your title or escrow officer. All escrow and sub-escrow funds received will be deposited with other escrow funds in one or more non-interest bearing escrow accounts in a financial institution selected by Stewart Title. Stewart Title may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with the financial institution, and Stewart Title shall have no obligation to account to the depositing party in any manner for the value of, or pay to such party, any benefit received by Stewart Title. Such benefits shall be deemed additional compensation to Stewart Title for its services in connection with the escrow or sub-escrow.

## WIRING INSTRUCTIONS

IF YOU ANTICIPATE HAVING FUNDS WIRED TO STEWART TITLE OF CALIFORNIA, INC. OUR WIRING INFORMATION IS AS FOLLOWS:

ADDITIONAL NOTE: DIRECT WIRE TRANSFERS TO:

CITY NATIONAL BANK  
5601 E. SLAUSON AVE  
CITY OF COMMERCE, CALIFORNIA 90040

ROUTING NO. 122016066  
CREDIT TO STEWART TITLE OF CALIFORNIA, INC.  
ACCOUNT # 013 218811  
REF: (ORDER # 040189138, TITLE OFFICER NAME: LARRY MCGUIRE)

WHEN INSTRUCTING THE FINANCIAL INSTITUTION TO WIRE FUNDS, IT IS VERY IMPORTANT THAT YOU REFERENCE STEWART TITLE'S ORDER NUMBER.

SHOULD YOU HAVE ANY QUESTIONS IN THIS REGARD PLEASE CONTACT YOUR TITLE OFFICER IMMEDIATELY.



## EXHIBIT A

CLTA PRELIMINARY REPORT FORM  
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

## SCHEDULE B

1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990  
EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING OR ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERRECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) WHETHER OR NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE OR FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OR INDEBTEDNESS, TO COMPLY WITH THE APPLICABLE DOING BUSINESS LAWS, OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY OR THE TRANSACTION CREATING THE INTEREST OF THE INSURED LENDER, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY OR SIMILAR CREDITORS' RIGHTS LAWS.

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.  
PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR WHICH MAY BE ASSERTED BY PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

CLTA PRELIMINARY REPORT FORM

2. AMERICAN LAND TITLE ASSOCIATION  
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)  
EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENTAL REGULATION. THIS INCLUDES BUILDING AND ZONING ORDINANCES AND ALSO LAWS AND REGULATIONS CONCERNING:

- \* LAND USE
- \* LAND DIVISION
- \* IMPROVEMENTS ON THE LAND
- \* ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS WHICH APPEAR IN THE PUBLIC RECORDS AT POLICY DATE.

THIS EXCLUSION DOES NOT LIMIT THE ZONING COVERAGE DESCRIBED IN ITEMS 12 AND 13 OF COVERED TITLE RISKS.

2. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:

- \* A NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS ON THE POLICY DATE
- \* THE TAKING HAPPENED PRIOR TO THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING

3. TITLE RISKS:

- \* THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU
- \* THAT ARE KNOWN TO YOU, BUT NOT TO US, ON THE POLICY DATE - - UNLESS THEY APPEARED IN THE PUBLIC RECORDS
- \* THAT RESULT IN NO LOSS TO YOU
- \* THAT FIRST AFFECT YOUR TITLE AFTER THE POLICY DATE - - THIS DOES NOT LIMIT THE LABOR AND MATERIAL LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS

4. FAILURE TO PAY VALUE FOR YOUR TITLE.

5. LACK OF A RIGHT:

- \* TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN ITEM 3 OF SCHEDULE A OR
- \* IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH YOUR LAND

THIS EXCLUSION DOES NOT LIMIT THE ACCESS COVERAGE IN ITEM 5 OF COVERED TITLE RISKS.

EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. ANY RIGHTS, INTERESTS, OR CLAIMS OF PARTIES IN POSSESSION OF THE LAND NOT SHOWN BY THE PUBLIC RECORDS.
2. ANY EASEMENTS OR LIENS NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS.
3. ANY FACTS ABOUT THE LAND WHICH A CORRECT SURVEY WOULD DISCLOSE AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE FORCED REMOVAL COVERAGE IN ITEM 12 OF COVERED TITLE RISKS.
4. ANY WATER RIGHTS OR CLAIMS OR TITLE TO WATER IN OR UNDER THE LAND, WHETHER OR NOT SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

**3. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE  
AND  
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE  
EXCLUSIONS AND COVERAGE**

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEY'S FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (EXCEPT TO THE EXTENT THAT THIS POLICY INSURES THE PRIORITY OF THE LIEN OF THE INSURED MORTGAGE OVER ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIAL OR TO THE EXTENT INSURANCE IS AFFORDED HEREIN AS TO THE ASSESSMENTS FOR STREET IMPROVEMENTS UNDER CONSTRUCTION OR COMPLETED AT DATE OF POLICY); OR
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS (OR THE CLAIM OF PRIORITY OF ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS OVER THE LIEN OF THE INSURED MORTGAGE) ARISING FROM AN IMPROVEMENT OR WORK RELATED TO THE LAND WHICH IS CONTRACTED FOR AND COMMENCED SUBSEQUENT TO DATE OF POLICY AND IS NOT FINANCED IN WHOLE OR IN PART BY PROCEEDS OF THE INDEBTEDNESS SECURED BY THE INSURED MORTGAGE WHICH AT DATE OF POLICY THE INSURED HAS ADVANCED OR IS OBLIGATED TO ADVANCE.
7. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OR EQUITABLE SUBORDINATION; OR
  - (III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
    - (A) TO TIMELY RECORDED THE INSTRUMENT OF TRANSFER; OR
    - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

# CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.  
PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

### 4. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)

AND

### AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92) EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:  
(A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;  
(B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;  
(C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;  
(D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR  
(E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (I) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (II) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
    - (A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR
    - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

# CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS. PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

## 5. CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (6-2-98) ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-17-98) EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENT REGULATION. THIS INCLUDES ORDINANCES, LAWS AND REGULATIONS CONCERNING:
  - A. BUILDING
  - B. ZONING
  - C. LAND USE
  - D. IMPROVEMENTS ON LAND
  - E. LAND DIVISION
  - F. ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS IF NOTICE OF THE VIOLATION OR ENFORCEMENT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.

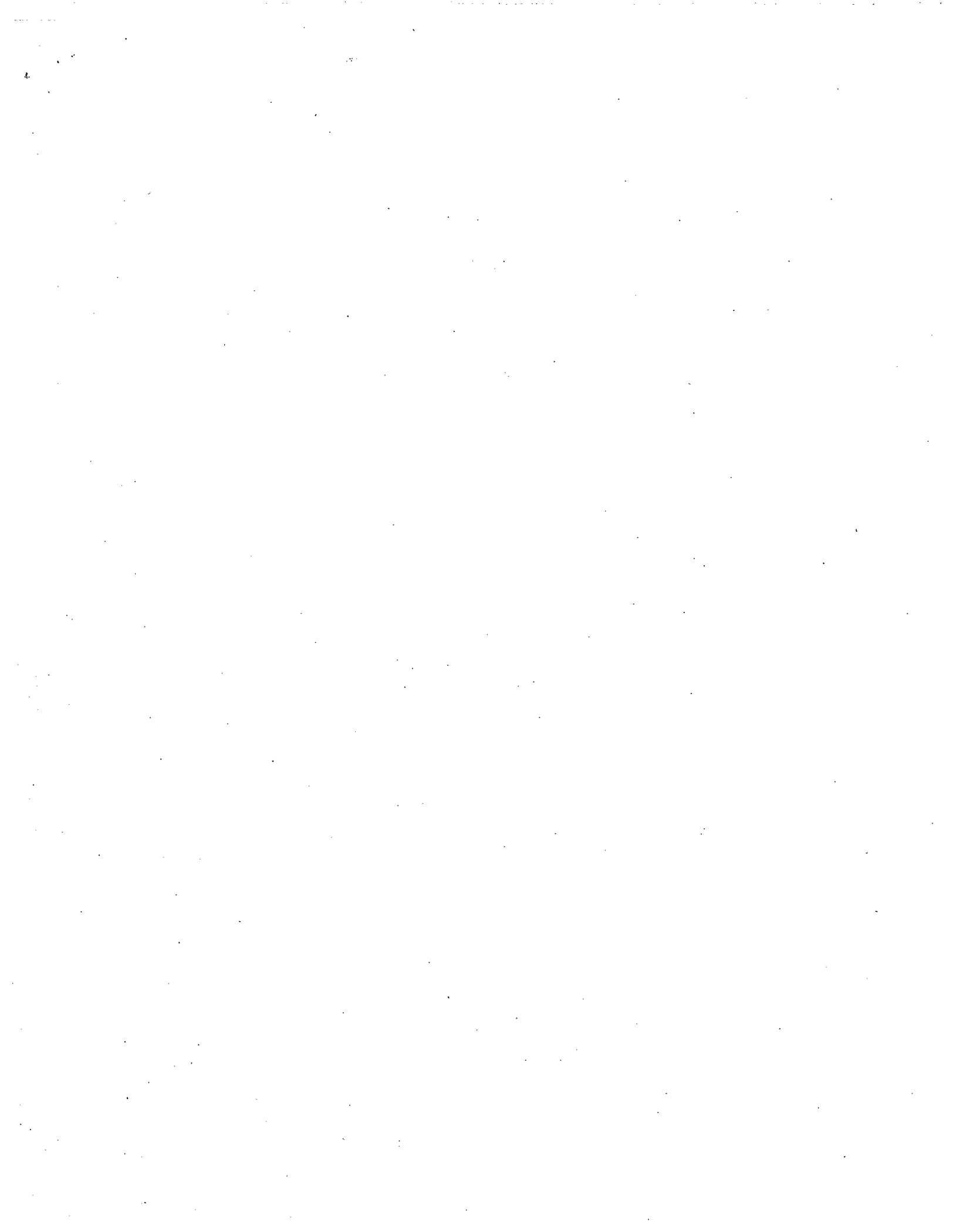
THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 14, 15, 16, 17, OR 24.

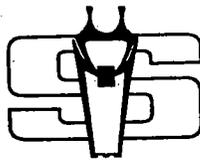
2. THE FAILURE OF YOUR EXISTING STRUCTURES, OR ANY PART OF THEM, TO BE CONSTRUCTED IN ACCORDANCE WITH APPLICABLE BUILDING CODES. THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OF BUILDING CODES IF NOTICE OF THE VIOLATION APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.
3. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:
  - A. NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE; OR
  - B. THE TAKING HAPPENED BEFORE THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING.
4. RISKS:
  - A. THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU, WHETHER OR NOT THEY APPEAR IN THE PUBLIC RECORDS;
  - B. THAT ARE KNOWN TO YOU AT THE POLICY DATE, BUT NOT TO US, UNLESS THEY APPEAR IN THE PUBLIC RECORDS AT THE POLICY DATE;
  - C. THAT RESULT IN NO LOSS TO YOU; OR
  - D. THAT FIRST OCCUR AFTER THE POLICY DATE - THIS DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 7, 8.D, 22, 23, 24 OR 25.
5. FAILURE TO PAY VALUE FOR YOUR TITLE.
6. LACK OF A RIGHT:
  - A. TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN PARAGRAPH 3 OF SCHEDULE A;  
AND
  - B. IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH THE LAND.  
THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 11 OR 18.

**6. "GOLD" COMPREHENSIVE PROTECTION  
LOAN POLICY OF TITLE INSURANCE  
EXCLUSIONS FROM COVERAGE**

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (THIS EXCLUSION FROM COVERAGE 3 (D) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 7, 8, 15, 16, 18, 21, 22, 24, 25, 26, 28, 29, 30, 32, 33, 34, 35, 38, 39, AND 40);
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON ANY CONSUMER CREDIT PROTECTION OR TRUTH-IN-LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (A) THE TRANSACTION CREATING THE ESTATE OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (B) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR
  - (C) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE;
    - (I) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR
    - (II) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.
7. TAXES, ASSESSMENTS, COSTS, CHARGES, DAMAGES AND OTHER OBLIGATIONS TO THE GOVERNMENT SECURED BY STATUTORY LIENS THAT BECOME A LIEN ON THE LAND SUBSEQUENT TO DATE OF POLICY, BUT THIS EXCLUSION 7 DOES NOT LIMIT THE COVERAGE OF INSURING PROVISION 34.





Sanctity of Contract

**STEWART TITLE OF CALIFORNIA, INC.,  
LOS ANGELES DIVISION**

525 N. BRAND BLVD.  
GLENDALE, CA 91203  
(818) 502-2700  
www.stewarttitlela.com

MEMBER CALIFORNIA LAND TITLE ASSOCIATION

**PRELIMINARY REPORT**

DMJM MANAGEMENT  
515 S. FLOWER 9TH FLOOR  
LOS ANGELES, CA 90071  
Attn: RICHARD ERICKSON

Order Number: 040189139

Your Reference: EL PUEBLO

In response to the above referenced application for a Policy of Title Insurance, Stewart Title of California, Inc. hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referenced to as an Exception on Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions, and Stipulations of said Policy forms.

The printed exceptions and exclusions from the coverage of said policy or policies are set forth in the attached list. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report, (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance a binder or commitment should be requested.

Dated as of August 25, 2003 at 7:30 A.M.

LARRY MCGUIRE Title Officer  
(818) 502-2723 Fax: (818) 241-9173

**PRELIMINARY REPORT**

The form of Policy of Title Insurance contemplated by this report is:  
California Land Title Association Standard Coverage Policy

**SCHEDULE A**

The Estate or Interest in the land hereinafter described or referred to covered by this report is:

A FEE

Title to said estate or interest at the date hereof is vested in:  
COUNTY OF LOS ANGELES, A BODY CORPORATE AND POLITIC

Continued on next page

## LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

A PORTION OF BLOCK E, OF THE TRACT OF LAND COMMONLY KNOWN AS FORT HILL TRACT, AS SHOWN ON OFFICIAL MAP NO. 3 OF LOS ANGELES CITY, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 1, PAGES 465 AND 466 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE EASTERLY LINE OF NORTH BROADWAY, FORMERLY FORT STREET (80 FEET WIDE), AS SHOWN ON SAID OFFICIAL MAP NO. 3 WITH THE NORTHWESTERLY LINE OF THAT CERTAIN 80 FOOT STRIP OF LAND DESCRIBED AS PARCEL 2 OF THE RELINQUISHMENT TO THE CITY OF LOS ANGELES, RECORDED ON MARCH 8, 1963 AS INSTRUMENT NO. 4288, AND FILED IN BOOK R-1482 AT PAGE 635 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE,

- 1) ALONG SAID EASTERLY LINE OF NORTH BROADWAY, NORTH 22° 19' 02" EAST TO THE WESTERLY CORNER OF THE LAND DESCRIBED IN DEED TO AROLINE B. ELLIS IN BOOK 1523 PAGE 267 OF DEEDS;
- 2) THENCE, SOUTHEASTERLY ALONG THE SOUTHERLY LINE OF SAID LAND TO ITS INTERSECTION WITH THE NORTHWESTERLY LINE OF THE HEREIN BEFORE MENTIONED 80-FOOT STRIP OF LAND DESCRIBED AS PARCEL 2 OF THE RELINQUISHMENT TO THE CITY OF LOS ANGELES;
- 3) THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE TO THE POINT OF BEGINNING.

TOGETHER WITH THAT PORTION OF THE EASTERLY HALF OF NORTH BROADWAY, 80 FEET WIDE, SHOWN AS BROADWAY ON THE MAP OF OFFICIAL MAP NO. 3 OF LOS ANGELES CITY, KNOWN AS THE FORT HILL TRACT, AS PER MAP RECORDED IN BOOK 1, PAGES 465 AND 466 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY; ADJOINING THE SOUTHEASTERLY LINE LOTS 1 TO 7, INCLUSIVE BLOCK F OF SAID TRACT, BOUNDED NORTHEASTERLY BY THE NORTHWESTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF THAT CERTAIN LAND DESCRIBED IN SAID DEED TO AROLINE B. ELLIS IN BOOK 1523 PAGE 267 OF DEEDS; AND BOUNDED SOUTHEASTERLY BY A LINE PARALLEL WITH AND DISTANT 3 FEET NORTHWESTERLY, MEASURED AT RIGHT ANGLES FROM THAT CERTAIN COURSE IN THE NORTHWESTERLY LINE OF NORTH BROADWAY DESCRIBED IN PARCEL 2 OF DEED RECORDED IN BOOK R1482 PAGE 635 OF OFFICIAL RECORDS, IN THE OFFICE OF SAID COUNTY RECORDER, AS HAVING A BEARING AND LENGTH OF NORTH 60° 41' 01" EAST, 253.18 FEET.

Continued on next page

NOTE: THE ABOVE LEGAL DESCRIPTION IS NOT TO BE USED IN THE  
CONVEYANCE OF SAID LAND IN VIOLATION OF THE SUBDIVISION MAP ACT  
OF THE STATE OF CALIFORNIA.

END OF LEGAL DESCRIPTION

Continued on next page

**SCHEDULE B**

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy or policies would be as follows:

1. PROPERTY TAXES, WHICH ARE A LIEN NOT YET DUE AND PAYABLE, INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, TO BE LEVIED FOR THE FISCAL YEAR 2003 - 2004 WHICH ARE A LIEN NOT YET PAYABLE.

1A. GENERAL AND SPECIAL CITY AND/OR COUNTY TAXES, BONDS OR ASSESSMENTS WHICH MAY BECOME DUE ON SAID LAND, IF AND WHEN TITLE TO SAID LAND IS NO LONGER VESTED IN A GOVERNMENTAL OR QUASI-GOVERNMENTAL AGENCY. TAX PARCEL(S) FOR SAID LAND ARE CURRENTLY SHOWN AS 5408-004-914.

2. THE LIEN OF SUPPLEMENTAL TAXES, IF ANY, ASSESSED PURSUANT TO THE PROVISIONS OF CHAPTER 3.5 (COMMENCING WITH SECTION 75) OF THE REVENUE AND TAXATION CODE OF THE STATE OF CALIFORNIA AND ASSESSMENTS, FOR COMMUNITY FACILITY DISTRICTS AFFECTING SAID LAND WHICH MAY EXIST BY VIRTUE OF ASSESSMENT MAPS OR NOTICES FILED BY SAID DISTRICTS.

3. AN EASEMENT FOR STREET PURPOSES OVER THAT PORTION OF PARCEL 2 WITHIN THE LINES OF THE BROADWAY TUNNEL AND APPROACHES THERETO AND ANY EASEMENTS AND RIGHTS IN CONNECTION THEREWITH.

4. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT:

GRANTEE	SOUTHERN CALIFORNIA RAPID TRANSIT
PURPOSE	DISTRICT
RECORDED	PERMANENT SUBSURFACE TUNNEL
INSTRUMENT/FILE NO.	MARCH 17, 1987
	87-395054 OF OFFICIAL RECORDS

AND RECORDED MARCH 24, 1987, AS INSTRUMENT NO. 87-438362, OF OFFICIAL RECORDS.

+++++ REQUIREMENTS +++++

1. THIS COMPANY WILL REQUIRE THE FOLLOWING DOCUMENTS IN ORDER TO  
Continued on next page

INSURE A CONVEYANCE OR ENCUMBRANCE BY THE CORPORATION OR UNINCORPORATED ASSOCIATION NAMED BELOW:

CORPORATION: COUNTY OF LOS ANGELES, A BODY CORPORATE AND POLITIC

- (A) A COPY OF THE CORPORATION BY-LAWS OR ARTICLES.
- (B) AN ORIGINAL OR CERTIFIED COPY OF THE RESOLUTION AUTHORIZING THE SUBJECT TRANSACTION.
- (C) IF THE ARTICLES OR BY-LAWS REQUIRE APPROVAL BY A "PARENT" ORGANIZATION, WE WILL ALSO REQUIRE A COPY OF THOSE BY-LAWS OR ARTICLES.
- (D) IF AN UNINCORPORATED ASSOCIATION, A STATEMENT PURSUANT TO APPLICABLE LAW (SUCH AS CALIFORNIA CORPORATION CODE SECTION 20002). THE RIGHT IS RESERVED TO ADD REQUIREMENTS OR ADDITIONAL ITEMS AFTER COMPLETION OF SUCH REVIEW.

2. IT IS THE POLICY OF STEWART TITLE OF CALIFORNIA - LOS ANGELES DIVISION TO COLLECT ALL TITLE CHARGES AND DEDUCT SAID CHARGES UPON RECORDING WHEN STEWART TITLE IS DOING THE PAYOFF.

END OF EXCEPTIONS

Continued on next page

## NOTES

A. INFORMATION IN POSSESSION OF THE COMPANY INDICATES THAT A DIVISION OF LAND, AS DEFINED IN GOVERNMENT CODE SECTION 66424, IS CONTEMPLATED IN THE CURRENT TRANSACTION INVOLVING THE LAND DESCRIBED IN THIS REPORT. SUCH CONTEMPLATED DIVISION OF LAND WOULD APPEAR TO FALL WITHIN THE PURVIEW OF THE SUBDIVISION MAP ACT (COMMENCING WITH GOVERNMENT CODE SECTION 66410), AND AS A PRE-REQUISITE TO THE ISSUANCE OF FINAL TITLE EVIDENCE AT LEAST ONE OF THE FOLLOWING REQUIREMENTS MUST BE ACCOMPLISHED TO THIS COMPANY'S SATISFACTION:

- (A) THAT A FINAL (TRACT) MAP HAS BEEN RECORDED IN COMPLIANCE WITH THE SUBDIVISION MAP ACT AND RELATED ORDINANCES;
- (B) THAT A PARCEL MAP HAS BEEN RECORDED IN COMPLIANCE WITH THE SUBDIVISION MAP ACT AND RELATED ORDINANCES;
- (C) THE RECORDING OF A CERTIFICATE OF COMPLIANCE, AS PROVIDED BY STATUTE;
- (D) THE RECORDING OF A WAIVER AS PROVIDED BY GOVERNMENT CODE SECTION 66428; OR
- (E) SUBMISSION OF OTHER SATISFACTORY EVIDENCE OF COMPLIANCE WITH OR NON-VIOLATION OF THE ACT.

B. LENDERS NOTE:

IF AN ALTA LOAN POLICY - 1970, AMENDED 10-17-70 (AMENDED 12-6-85) IS REQUESTED, THE FOLLOWING WILL BE ADDED AS AN EXCLUSION FROM COVERAGE:

ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS THAT IS BASED ON:

- (I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR TRANSFER; OR
- (II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR
- (III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:

- (A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR (B) OF SUCH

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RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A  
JUDGEMENT OR LIEN CREDITOR.

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**CALIFORNIA "GOOD FUNDS" LAW**

California Insurance Code Section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available prior to disbursement. Funds received by Stewart Title of California, Inc. (Stewart Title) via wire transfer may be disbursed upon receipt. Funds received via cashier's checks or teller checks drawn on a California Bank may be disbursed on the next business day after the day of deposit. If funds are received by any other means, recording and/or disbursement may be delayed, and you should contact your title or escrow officer. All escrow and sub-escrow funds received will be deposited with other escrow funds in one or more non-interest bearing escrow accounts in a financial institution selected by Stewart Title. Stewart Title may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with the financial institution, and Stewart Title shall have no obligation to account to the depositing party in any manner for the value of, or pay to such party, any benefit received by Stewart Title. Such benefits shall be deemed additional compensation to Stewart Title for its services in connection with the escrow or sub-escrow.

**WIRING INSTRUCTIONS**

IF YOU ANTICIPATE HAVING FUNDS WIRED TO STEWART TITLE OF CALIFORNIA, INC. OUR WIRING INFORMATION IS AS FOLLOWS:

ADDITIONAL NOTE: DIRECT WIRE TRANSFERS TO:

CITY NATIONAL BANK  
5601 E. SLAUSON AVE  
CITY OF COMMERCE, CALIFORNIA 90040

ROUTING NO. 122016066  
CREDIT TO STEWART TITLE OF CALIFORNIA, INC.  
ACCOUNT # 013 218811  
REF: (ORDER # 040189139, TITLE OFFICER NAME: LARRY MCGUIRE)

WHEN INSTRUCTING THE FINANCIAL INSTITUTION TO WIRE FUNDS, IT IS VERY IMPORTANT THAT YOU REFERENCE STEWART TITLE'S ORDER NUMBER.

SHOULD YOU HAVE ANY QUESTIONS IN THIS REGARD PLEASE CONTACT YOUR TITLE OFFICER IMMEDIATELY.



## EXHIBIT A

CLTA PRELIMINARY REPORT FORM  
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

## SCHEDULE B

1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990  
EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING OR ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERRECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) WHETHER OR NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE OR FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OR INDEBTEDNESS, TO COMPLY WITH THE APPLICABLE DOING BUSINESS LAWS, OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY OR THE TRANSACTION CREATING THE INTEREST OF THE INSURED LENDER, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY OR SIMILAR CREDITORS' RIGHTS LAWS.

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.  
PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR WHICH MAY BE ASSERTED BY PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

CLTA PRELIMINARY REPORT FORM

2. AMERICAN LAND TITLE ASSOCIATION  
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)  
EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENTAL REGULATION. THIS INCLUDES BUILDING AND ZONING ORDINANCES AND ALSO LAWS AND REGULATIONS CONCERNING:
  - \* LAND USE
  - \* LAND DIVISION
  - \* IMPROVEMENTS ON THE LAND
  - \* ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS WHICH APPEAR IN THE PUBLIC RECORDS AT POLICY DATE.

THIS EXCLUSION DOES NOT LIMIT THE ZONING COVERAGE DESCRIBED IN ITEMS 12 AND 13 OF COVERED TITLE RISKS.

2. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:

- \* A NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS ON THE POLICY DATE
- \* THE TAKING HAPPENED PRIOR TO THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING

3. TITLE RISKS:

- \* THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU
- \* THAT ARE KNOWN TO YOU, BUT NOT TO US, ON THE POLICY DATE - - UNLESS THEY APPEARED IN THE PUBLIC RECORDS
- \* THAT RESULT IN NO LOSS TO YOU
- \* THAT FIRST AFFECT YOUR TITLE AFTER THE POLICY DATE - - THIS DOES NOT LIMIT THE LABOR AND MATERIAL LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS

4. FAILURE TO PAY VALUE FOR YOUR TITLE.

5. LACK OF A RIGHT:

- \* TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN ITEM 3 OF SCHEDULE A OR
- \* IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH YOUR LAND

THIS EXCLUSION DOES NOT LIMIT THE ACCESS COVERAGE IN ITEM 5 OF COVERED TITLE RISKS.

EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. ANY RIGHTS, INTERESTS, OR CLAIMS OF PARTIES IN POSSESSION OF THE LAND NOT SHOWN BY THE PUBLIC RECORDS.
2. ANY EASEMENTS OR LIENS NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE LIEN COVERAGE IN ITEM 8 OF COVERED TITLE RISKS.
3. ANY FACTS ABOUT THE LAND WHICH A CORRECT SURVEY WOULD DISCLOSE AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS. THIS DOES NOT LIMIT THE FORCED REMOVAL COVERAGE IN ITEM 12 OF COVERED TITLE RISKS.
4. ANY WATER RIGHTS OR CLAIMS OR TITLE TO WATER IN OR UNDER THE LAND, WHETHER OR NOT SHOWN BY THE PUBLIC RECORDS.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

CLTA PRELIMINARY REPORT FORM

3. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE  
AND  
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE  
EXCLUSIONS AND COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COSTS, ATTORNEY'S FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:
  - (A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;
  - (B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;
  - (C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;
  - (D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (EXCEPT TO THE EXTENT THAT THIS POLICY INSURES THE PRIORITY OF THE LIEN OF THE INSURED MORTGAGE OVER ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIAL OR TO THE EXTENT INSURANCE IS AFFORDED HEREIN AS TO THE ASSESSMENTS FOR STREET IMPROVEMENTS UNDER CONSTRUCTION OR COMPLETED AT DATE OF POLICY); OR
  - (E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON USURY OR ANY CONSUMER CREDIT PROTECTION OR TRUTH IN LENDING LAW.
6. ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS (OR THE CLAIM OF PRIORITY OF ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS OVER THE LIEN OF THE INSURED MORTGAGE) ARISING FROM AN IMPROVEMENT OR WORK RELATED TO THE LAND WHICH IS CONTRACTED FOR AND COMMENCED SUBSEQUENT TO DATE OF POLICY AND IS NOT FINANCED IN WHOLE OR IN PART BY PROCEEDS OF THE INDEBTEDNESS SECURED BY THE INSURED MORTGAGE WHICH AT DATE OF POLICY THE INSURED HAS ADVANCED OR IS OBLIGATED TO ADVANCE.
7. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:
  - (I) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OR EQUITABLE SUBORDINATION; OR
  - (III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:
    - (A) TO TIMELY RECORDED THE INSTRUMENT OF TRANSFER; OR
    - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

## CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

### EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS. PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

#### 4. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)

AND

#### AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)

#### EXCLUSIONS FROM COVERAGE

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:  
(A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;  
(B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;  
(C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;  
(D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY; OR  
(E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE ESTATE OR INTEREST INSURED BY THIS POLICY.
4. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:  
  - (I) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR
  - (II) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:  
    - (A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR
    - (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

(LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS CONTINUED ON NEXT PAGE)

# CLTA PRELIMINARY REPORT FORM

THE ABOVE POLICY FORMS MAY BE ISSUED TO AFFORD EITHER STANDARD COVERAGE OR EXTENDED COVERAGE. IN ADDITION TO THE ABOVE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE IN A STANDARD COVERAGE POLICY WILL INCLUDE THE FOLLOWING GENERAL EXCEPTIONS:

## EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.  
PROCEEDINGS BY A PUBLIC AGENCY WHICH MAY RESULT IN TAXES OR ASSESSMENTS, OR NOTICES OF SUCH PROCEEDINGS, WHETHER OR NOT SHOWN BY THE RECORDS OF SUCH AGENCY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF THE LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, LIENS OR ENCUMBRANCES, OR CLAIMS THEREOF, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.

## 5. CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (6-2-98) ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-17-98) EXCLUSIONS

IN ADDITION TO THE EXCEPTIONS IN SCHEDULE B, YOU ARE NOT INSURED AGAINST LOSS, COSTS, ATTORNEYS' FEES, AND EXPENSES RESULTING FROM:

1. GOVERNMENTAL POLICE POWER, AND THE EXISTENCE OR VIOLATION OF ANY LAW OR GOVERNMENT REGULATION. THIS INCLUDES ORDINANCES, LAWS AND REGULATIONS CONCERNING:
  - A. BUILDING
  - B. ZONING
  - C. LAND USE
  - D. IMPROVEMENTS ON LAND
  - E. LAND DIVISION
  - F. ENVIRONMENTAL PROTECTION

THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OR THE ENFORCEMENT OF THESE MATTERS IF NOTICE OF THE VIOLATION OR ENFORCEMENT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.

THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 14, 15, 16, 17, OR 24.

2. THE FAILURE OF YOUR EXISTING STRUCTURES, OR ANY PART OF THEM, TO BE CONSTRUCTED IN ACCORDANCE WITH APPLICABLE BUILDING CODES. THIS EXCLUSION DOES NOT APPLY TO VIOLATIONS OF BUILDING CODES IF NOTICE OF THE VIOLATION APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE.
3. THE RIGHT TO TAKE THE LAND BY CONDEMNING IT, UNLESS:
  - A. NOTICE OF EXERCISING THE RIGHT APPEARS IN THE PUBLIC RECORDS AT THE POLICY DATE; OR
  - B. THE TAKING HAPPENED BEFORE THE POLICY DATE AND IS BINDING ON YOU IF YOU BOUGHT THE LAND WITHOUT KNOWING OF THE TAKING.
4. RISKS:
  - A. THAT ARE CREATED, ALLOWED, OR AGREED TO BY YOU, WHETHER OR NOT THEY APPEAR IN THE PUBLIC RECORDS;
  - B. THAT ARE KNOWN TO YOU AT THE POLICY DATE, BUT NOT TO US, UNLESS THEY APPEAR IN THE PUBLIC RECORDS AT THE POLICY DATE;
  - C. THAT RESULT IN NO LOSS TO YOU; OR
  - D. THAT FIRST OCCUR AFTER THE POLICY DATE - THIS DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 7, 8.D, 22, 23, 24 OR 25.
5. FAILURE TO PAY VALUE FOR YOUR TITLE.
6. LACK OF A RIGHT:
  - A. TO ANY LAND OUTSIDE THE AREA SPECIFICALLY DESCRIBED AND REFERRED TO IN PARAGRAPH 3 OF SCHEDULE A;  
AND
  - B. IN STREETS, ALLEYS, OR WATERWAYS THAT TOUCH THE LAND.THIS EXCLUSION DOES NOT LIMIT THE COVERAGE DESCRIBED IN COVERED RISK 11 OR 18.

**6. "GOLD" COMPREHENSIVE PROTECTION  
LOAN POLICY OF TITLE INSURANCE  
EXCLUSIONS FROM COVERAGE**

THE FOLLOWING MATTERS ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THIS POLICY AND THE COMPANY WILL NOT PAY LOSS OR DAMAGE, COST, ATTORNEYS' FEES OR EXPENSES WHICH ARISE BY REASON OF:

1. (A) ANY LAW, ORDINANCE OR GOVERNMENTAL REGULATION (INCLUDING BUT NOT LIMITED TO BUILDING AND ZONING LAWS, ORDINANCES, OR REGULATIONS) RESTRICTING, REGULATING, PROHIBITING OR RELATING TO (I) THE OCCUPANCY, USE, OR ENJOYMENT OF THE LAND; (II) THE CHARACTER, DIMENSIONS OR LOCATION OF ANY IMPROVEMENT NOW OR HEREAFTER ERECTED ON THE LAND; (III) A SEPARATION IN OWNERSHIP OR A CHANGE IN THE DIMENSIONS OR AREA OF THE LAND OR ANY PARCEL OF WHICH THE LAND IS OR WAS A PART; OR (IV) ENVIRONMENTAL PROTECTION, OR THE EFFECT OF ANY VIOLATION OF THESE LAWS, ORDINANCES OR GOVERNMENTAL REGULATIONS, EXCEPT TO THE EXTENT THAT A NOTICE OF THE ENFORCEMENT THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.  
(B) ANY GOVERNMENTAL POLICE POWER NOT EXCLUDED BY (A) ABOVE, EXCEPT TO THE EXTENT THAT A NOTICE OF THE EXERCISE THEREOF OR A NOTICE OF A DEFECT, LIEN OR ENCUMBRANCE RESULTING FROM A VIOLATION OR ALLEGED VIOLATION AFFECTING THE LAND HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY. THIS EXCLUSION FROM COVERAGE 1(A) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 14, 15, 16, 17, 34, AND 41.
2. RIGHTS OF EMINENT DOMAIN UNLESS NOTICE OF THE EXERCISE THEREOF HAS BEEN RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT NOT EXCLUDING FROM COVERAGE ANY TAKING WHICH HAS OCCURRED PRIOR TO DATE OF POLICY WHICH WOULD BE BINDING ON THE RIGHTS OF A PURCHASER FOR VALUE WITHOUT KNOWLEDGE.
3. DEFECTS, LIENS, ENCUMBRANCES, ADVERSE CLAIMS OR OTHER MATTERS:  
(A) CREATED, SUFFERED, ASSUMED OR AGREED TO BY THE INSURED CLAIMANT;  
(B) NOT KNOWN TO THE COMPANY, NOT RECORDED IN THE PUBLIC RECORDS AT DATE OF POLICY, BUT KNOWN TO THE INSURED CLAIMANT AND NOT DISCLOSED IN WRITING TO THE COMPANY BY THE INSURED CLAIMANT PRIOR TO THE DATE THE INSURED CLAIMANT BECAME AN INSURED UNDER THIS POLICY;  
(C) RESULTING IN NO LOSS OR DAMAGE TO THE INSURED CLAIMANT;  
(D) ATTACHING OR CREATED SUBSEQUENT TO DATE OF POLICY (THIS EXCLUSION FROM COVERAGE 3 (D) DOES NOT LIMIT THE COVERAGE PROVIDED IN INSURING PROVISIONS NUMBER 7, 8, 15, 16, 18, 21, 22, 24, 25, 26, 28, 29, 30, 32, 33, 34, 35, 38, 39, AND 40);  
(E) RESULTING IN LOSS OR DAMAGE WHICH WOULD NOT HAVE BEEN SUSTAINED IF THE INSURED CLAIMANT HAD PAID VALUE FOR THE INSURED MORTGAGE.
4. UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE BECAUSE OF THE INABILITY OR FAILURE OF THE INSURED AT DATE OF POLICY, OR THE INABILITY OR FAILURE OF ANY SUBSEQUENT OWNER OF THE INDEBTEDNESS, TO COMPLY WITH APPLICABLE DOING BUSINESS LAWS OF THE STATE IN WHICH THE LAND IS SITUATED.
5. INVALIDITY OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE, OR CLAIM THEREOF, WHICH ARISES OUT OF THE TRANSACTION EVIDENCED BY THE INSURED MORTGAGE AND IS BASED UPON ANY CONSUMER CREDIT PROTECTION OR TRUTH-IN-LENDING LAW.
6. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:  
(A) THE TRANSACTION CREATING THE ESTATE OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR  
(B) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR  
(C) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE;  
(I) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR  
(II) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.
7. TAXES, ASSESSMENTS, COSTS, CHARGES, DAMAGES AND OTHER OBLIGATIONS TO THE GOVERNMENT SECURED BY STATUTORY LIENS THAT BECOME A LIEN ON THE LAND SUBSEQUENT TO DATE OF POLICY, BUT THIS EXCLUSION 7 DOES NOT LIMIT THE COVERAGE OF INSURING PROVISION 34.

